PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

By Brian Knowlton

furiating Republicans aheady angered by Mr. Clinton's legalisms. He said that he and other members of the Clinton

team would offer a "powerful case"

Partial text of House testimony. Page 4. • Republican whip leads the charge against Clinton. Page 15.

There was no hint, however, that even

a single Republican on the committee

was swayed by the comments of Mr.

Craig or the witnesses he summoned.

Republican members repeatedly raised instances in which they said the

resident clearly had lied.

Representative Bill McCollum of

under oath. "He swore he could not

He charged that Mr. Clinton also lied

when he said he could not recall giving gifts to Ms. Lewinsky, a former White

House intern, and when he said he had

As the debate continued - it was

scheduled for 14 bours on Tuesday and

16 on Wednesday — the president continued about his business, focusing on

As the drama moved forward, it ap-

not had sexual relations with her.

removal from office.

against impeachment.

The World's Daily Newspaper

Paris, Wednesday, December 9, 1998



Mr. Clinton and his wife, Hillary, with Mr. Gephardt, left and Mr. Daschle, about to leave Washington on Tuesday for the funeral of former Senator Albert Gore, the vice president's father, in Nashville, Tennessee.

# Follow U.S. Strategy, Albright Urges NATO

Future Threats Require New Vision, She Says

By William Drozdiak

BRUSSELS -- In an ambitious appeal to expand NATO's strategic horizons, the U.S. secretary of state, Madeleine Albright, urged the European allies on Tuesday to embrace an American vision. of the Western military alliance to cope with more distant threats in the 21st

Mrs. Albright told a meeting of NATO foreign ministers that the world's changing security environment meant that 'a ballistic missale attack using a weapon of mass destruction. from a rogue state," now posed as much

Europeans disagree with a U.S. strategy for NATO. Page 6.

a threat to their certifiery as a Waisev Pact tank did two decades ago.

"We must be prepared because we know that events beyond NATO's immediate borders can affect vital alliance interests," Mrs. Albright-seid - Common sense tells us that it is sometimes better to deal with instability when it is still at arm's length than to wait until it is at our doorstep.

Several ministers noted that the debate about the destiny of the North At-

lantic Treaty Organization has barely been broached only five months before alliance leaders are scheduled to gather in Washington to mark its 50th anniversary and to approve a security blue-print that will chart its future course.

Since NATO's last strategic review seven years ago, its original purpose of containing the threat of communist expansion has expired with the collapse of the Soviet Union's empire. There are sharp differences over the scope of NATO's future mission and the authormy under which the alliance should act. Some European governments fear being dragged into distant conflicts and

States. Others are worried that an expansive NATO vision could foster rival regional security blocs, especially if the alliance acts, without the explicit authority of the remaining security Council, as it felt obliged to do to circonvent Russian objections to outside

much narrower than those of the United

ist that their strategic interests are

military intervention in Kosovo. "There are differences in approach that will eventually have to be resolved," said Foreign Minister Hubert Vedrine of France. "We generally take the view that NATO should not be too elastic in interpreting its global interests."

See NATO, Page 6

some of the issues that have proved most popular among voters: saving the Social Security system and looking at the troubled Middle East peace process ahead of a visit to the region Saturday. But in Washington it was far from business as usual.

Nearby Countries, Fearing a Rush of Refugees, Are Publicly Worrying About Indonesian Unrest

By Michael Richardson

SINGAPORE - Amid new warnings that Indonesia is sliding toward serious domestic invest, neighbors of the world's fourth-most-populous na-tion are expressing increasing concern that it may become an infectious source of instability in Sombeast Asia. Senior Australian and Philippine of-

ficials worried aloud recently about the emergence of competing centers of power in Indonesia that lack the strength or authority to contain social and political figurest being fueled by the country's ecocomic crisis.

The Business Times of Singapore said in an editorial Tuesday that "Indonesia remains on the brink of a breakdown of social order," and called on President B. I. Habibie to take ac-

la Washington, alarm bells have already sounded, officials say. In what appeared to be a veiled warning to the military not to attempt a takeover, the deputy assistant secretary of defense; Kart Campbell, said recently that if the d forces in Indonesia subverted official reform, the Pentagon would

almost certainly cut off aid. Should violence increase among the 200 million Indonesians, the consequences most feared by the country's immediate neighbors are a mass exodus of refugees and a breakup of the in-

herently fragile island-nation.
"The major concern here," said Foreign Minister Domingo Siazon of the Philippines, "is that we have a neigh-

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Jakarta Jars Its Neighbors

deal with a great number of

He said that some groups in Indonesia

were trying to break the country into

parts, a result that would have "se-

rious" implications for his country. The Philippines has a Christian majority but an armed and radical Muslim minority

that is seeking to carve out an inde-pendent state in the south, which is

adjacent to Indonesia and Malaysia,

See INDONESIA, Page 14

Separatist strains in East Timor and

where Muslims are in the majority.

peared increasingly likely that the committee would approve at least one article of impeachment by the end of the week and that the full House might vote next bor, a very close neighbor, a very friendly neighbor, that is now going through this major challenge. The im-mediate impact of a collapse in the week for impeachment and send the case to the Senate for trial next year. More than one Democratic member expressed resignation about the outeconomy would be refugees and how to

come of the committee's deliberations. "There's nothing that any of the witises here could say to this committee that would prevent the majority of this committee from voting to impeach the president of the United States on Saturday afternoon," said Representative Martin Meehan of Massachusetts. "The will of the American people is about to

be ignored." In fact, two public opinion survey made public Monday, by Gallup and CBS, confirmed a result that has barely swayed for months: About two-thirds of

See IMPEACH, Page 15



Misleading, Even Maddening' but Not Impeachable

He is genuinely sorry for the pain and the damage that he has caused and for the wrongs that he has committed.' Greg Craig, White House special counsel

# What Else Can the President Do Now?

His Advisers Debate the Legal Dangers of a Public Statement

By John F. Harris and Dan Balz

WASHINGTON - As White House lawyers began their Florida, for example, read off a litany of assertions that the president had lied defense of President Bill Clinton before the House Judiciary Committee, presidential advisers were wrestling with the question of whether there is anything Mr. Clinton can or should do publicly to try to prevent the House from imrecall being alone with Monica Lew-insky, he said, The evidence is he lied about that." peaching him.

Many of the House members who hold Mr. Clinton's fate in their hands say they need to hear more from the president: a forthright admission that he lied under oath about his relationship with Monica Lewinsky and a stronger statement that he recognizes the grave public consequences of his

But it is not clear to many White House advisers that even that would be enough to sway the votes to block impeachment on the House floor and they fear that it could subject him to criminal prosecution by the independent counsel Kenneth Starr when he leaves office. The White House's challenge is

an echo of the essential conflict Mr. Clinton has faced for months — balancing his political need to confess error and express contrition with the legal need to protect himself from criminal jeopardy. And it is what makes the next few days so consequential for his presidency.

Neither public opinion polls nor the strong Democratic showing in the midterm elections last month has prompted more than a trickle of house Republican members to come out against ANALYSIS impeachment. For a White House that has lived on polls, the idea that the House would defy opinion so

brazenly is both baffling and frightening. The strategy for the next week is to force House members - especially moderate Republicans who now hold the balance of power - to confront both the political and historical

implications of the vote. For weeks the White House has tried to portray the proceedings in the Judiciary Committee as a sideshow while the

See CLINTON, Page 15

#### AGENDA

#### **Blackout Cripples** San Francisco

SAN FRANCISCO (AP) - A citywide blackout Tuesday cut off power to nearly a million people, forcing a halt of trains, planes and street traffic. Shops and offices had to shut and pedestrians were left scrambling.

The outage occurred about 8 A.M. when a crew at a substation made a mistake involving a temporary ground. Electricity was beginning to be restored by midmorning, but the outage was expected to last several hours.

Books	Page 10.
Crossword	
Opinion	
Sports	
The Intermarket	Page 7.

Tuesday @ 4 P.M. previous close 1,6667 1.6795 119.75 119,035 5.5899 5.6333 The Dow **— 6.36** 1.181.38 -- 0.54% -- 6.13 2,034.75 -0.30%

#### German Jobless Rise

Unemployment in Germany rose in November for the first time this year as cold weather hampered construction, raising fears that Europe's largest economy would grow less than forecast. Page 17.

# Astronauts Hook Up Space Station's Nervous System

By Kathy Sawyer
Washington Post Service

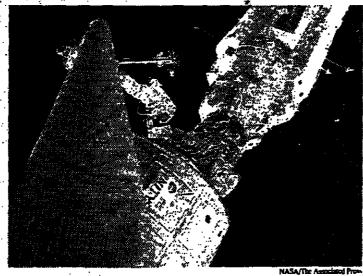
HOUSTON — In a spacewalk that lasted almost seven and a half hours; astronauts from the shuttle Endeavour have converted: the lifeless core of the new international space station into a functioning structure that can keep itself warm and communicate with

Jerry Ross and James Newman climbed out of an airlock in the shuttle's cargo bay at 2210 GMT on Monday and began hooking up 40 power and communication cables between the two components of the seven-story structure. The nervous system, if not the heart, of the

space station will be coming alive," the NASA flight director, Robert Castle, said as the stage was set for the first assembly spacewalk.

Mr. Ross and Mr. Newman successfully argued for an early start to make sure they could get all their work done. As it turned out, they finished their planned tasks early and got spacewalk Wednesday.

The only mishap occurred when Mr. Ross reported that a metal socket for a foot restraint had come loose and floated away. Commander Robert Cabana cantioned that the socker, about the size of a coffee mug, was floating about 20 feet (six meters) above the orbiter. Ground controllers instructed the crew to monitor it to make sure there was no threat of collision.



Jerry Ross linking the core of the space station with a cord a head start on chores scheduled for their next between the Russian-built Zarya, top, and the U.S.-built Unity.

> Before starting work, both astronauts tethered themselves to their spacecraft with extra-strength fabric lines in addition to wearing emergency jet backpacks. With the shuttle encumbered by the seven-story space station on its back and therefore ill equipped for any rescue mission, flight managers called for these extra precautions to try to make sure that neither space

walker would break free and go drifting off

Providing detailed descriptions of their work to one another and their support teams over their spacesuit microphones, the two began at the bottom of the station, which is projecting upward from the shuttle cargo bay. and worked their way outward. The 35-ton edifice, made up of the Russian-built Zarva module and the U.S.-built Unity node, towers 76 feet above the shuttle.

Mr. Ross was anchored in a foot restraint on the end of the shuttle's 50-foot robot arm while a crewmate inside the shuttle cabin, Nancy Currie, moved the arm to each site. Mr. Newman carried a portable foot restraint that he installed where needed on the station. The pilot, Rick Sturckow, helped coordinate the operation from inside the shuttle.

The operation provided dazzling television images. The tiny humans clambered around like knights in white armor, scaling the glowing white tower that leaned into the blackness of space above a blue curve of Earth 240 miles (390 kilometers) below.

Riding the arm over the structural surfaces. Mr. Newman detached stowed cables and handed them to Mr. Ross, who was hanging upside down on the arm nearby, so he could plug the cables into eight sockets along Unity's hull. By 0030 GMT on Tuesday, Mr.

See SPACE, Page 15

## Iran Seeking Help to Build Germ Arsenal, Russians Say

By Judith Miller and William J. Broad

MOSCOW - Iran is scouring the former Soviet Union to hire scientists who once worked in laboratories tied to Moscow's vast germ warfare program and has succeeded in recruiting some of them to take jobs in Tehran, according to Russian scientists and American of-

Iranian officials who report directly to the leadership of the Islamic state have approached dozens of scientists who once made germ weapons, offering as much as \$5,000 a month to people who earn far less than that a year in the increasingly chaotic Russian economy. Russian scientists say that most of

these entreaties have been rebuffed. But they acknowledge that at least five of their colleagues have gone to work in Iran in recent years.

Others have accepted contracts that allow them to continue living in Russia while conducting research for Tehran, the scientists said.

In interviews in Russia and neighboring Kazakhstan, more than a dozen scientists who formerly worked on the Soviet germ warfare program reported contacts with Iran, and two said they had been asked specifically to help Tehran make biological weapons. American officials say that many more Russian scientists have revealed such contacts and believe that Iran is developing a germ

Iran has powerful reasons to want such weapons and openly expressed interest in acquiring them a decade ago. Most Iranians believe that Iraq used biological, as well as chemical, weapons in the Iran-Iraq war in the 1980s, and many other countries in the region, including Israel and Syria, are suspected of having germ arsenals.

Gholamhossein Dehghani, counselor to Iran's mission to the United Nations, said that many foreign scientists worked

See IRAN, Page 14

# Buying Books On-Line Just Got Interesting

By Elisabeth Bumiller

TEW YORK — Here is a great war story. On Amazon.com Inc., the giant on-line bookseller (market value: \$5.5 billion), led by its Seanle-based founder, Jeffrey Bezos. On the other side is Barnesand-noble.com Inc., the small but aggressive No. 2 with the brand name and a very rich partner (Bertelsmann AG), led by our subject today, Jonathan Bulke-

Mr. Bulkeley, 38, who started America Online's British operation, was hired last month in an attempt to make Mr. Bezos as miserable as pos-

He starts Jan. 4 at the new Barnesandnoble.com headquarters on Ninth Avenue at 15th Street, in a Port Authority warehouse renovated into a postmodern lair of exposed computer cables and sleek

cement floors. Thomas Middelhoff, the Bertelsmann chief executive who hired him - and invested \$300 million for a 50 percent stake in Barnesandnoble.com said Monday that Mr. Bulkeley was "the answer to Jeff Bezos. The future will show who will be better, Jeff or Jonathan. Personally, I bet on Jonathan. Jonathan is one of the reasons that Bertelsmann invested so heavily in the Barnesandnoble.com venture. I believe that for the first time ever Jeff will have real competition.

The response from Mr. Bezos? Kay Dangaard, his spokeswoman: "About 18 months ago, somebody said we were Amazon.toast because Barnes & Noble was coming on-line. And 18 months later, we're 12 times bigger than Barnesandnoble.com. I think it's wonderful to be in a position where other

people are trying to be you."

So there was Mr. Bulkeley in his office last week, sounding necessarily tough. "It's early," he said. "We're motivated. We've got a killer team."

He estimated Barnesandnoble.com had about 10 percent of the on-line bookstore market compared with what he said was Amazon.com's 80 percent, although no one knows for sure.

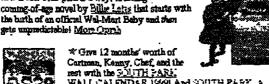
Interestingly, Mr. Bulkeley was working at America Online's headquarters in Virginia in 1994 when AOL called Barnes & Noble to set up an online bookstore. "They never called back," he

In 1994 Amazon.com was up and running; Barnes & Noble finally crept on-line in 1997.

barnesandnoble.com

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\* Opneh's beart is WHESE THE HEART IS Her new Book Club pick is a wry, touching



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One-Click Shopping

"But let's take this all in perspective," Mr. Bulkeley said, "Three years does not end the

Mr. Bulkeley ticked off what he saw as the advantages of Barnesandnoble.com: Some 4.5 million titles compared with Amazon.com's 3 million; better access to out-of-print, used and rare books, and a brand name that will mean something to the millions of new customers expected to buy on-line in the coming years. Industry analysts describe Amazon.com's current 4.5 million customers as the Internet elite.

(On Monday, in a blow to Amazon, Microsoft named Barnesandnoble.com the exclusive bookseller on its MSN network of World Wide Web sites. The New York Times, an owner of The International Herald Tribune, has a marketing partnership with Barnes & Noble that allows readers of the newspaper's Web site to order books directly from the bookseller.)

R. BULKELEY also said that Barnes & Noble's purchase last month of the Ingram Book Group, the nation's leading book wholesaler, had the potential to speed up the delivery of a Barnesandnoble.com

Right now, if a Denver resident buys a Barnesandnoble.com book that isn't in the company's distribution center in New Jersey but is available in Ingram's Denver warehouse tone of 11 around the country), the book goes first to the distribution center in New Jersey, then back to the Denver customer.

'That's called inefficient," Mr. Bulkeley said. His hope is eventually to send the book directly. 'Does that win the game?" he asked. "No. Does it

Ingram also supplies more than half of Amazon.com's books, which Mr. Bulkeley said 'Ingram sells to everybody and will continue to

sell to everybody," he said. R. BULKELEY, who is prematurely

bald and has the manner of a genial salesman, grew up in Hartford, Connecticut. After graduating from university in 1982 he

landed in New York as an ad salesman for PCjr, a magazine that followed IBM's computer of the same name. He went on to Time Warner, where he was publisher of a college magazine that is now defunct, and then Money, where he sold such Money products as "Wealth Builder," a software program that provided early on-line access. "I thought, 'This is cool.' "Mr. Bulkeley said.
By 1993 he was at AOL, where he worked to

persuade media companies — including The New

York Times — to go on-line, back in the pre-World Wide Web dark ages.

In 1995 Mr. Bulkeley went to London to start AOL UK, a subsidiary of AOL Europe, which is half-owned by Bertelsmann. In three years, Mr. Bulkeley got the company 500,000 customers — and impressed Mr. Middelhoff, the Bertelsmann chief. "After one year he was profitable," Mr. Middelhoff said.

One of his first jobs is to take Barnesand-noble.com public this spring. One of his first prob-lems is to figure out what to do about people who can't find barnesandnoble.com at all because they are typing the brick and mortar store's ampersand - a symbol that doesn't work on the Internet.

'Give me a couple of days," Mr. Bulkeley

signs of change.

# **UN Inspectors Begin** Surprise Checks in Irac

By Barbara Crossette

UNITED NATIONS, New York -UN arms inspectors are beginning a week of spot inspections at sites where Iraq is suspected of hiding prohibited weapons, according to the head of the commission in charge of disarming

The commission's chief, Richard Butler, said late Monday afternoon that his leading inspector in Iraq had told the Baghdad government that a series of spot checks would take place with no additional warning.

[The deputy prime minister of Iraq. Tariq Aziz, said Tuesday that Baghdad was prepared to cooperate with surprise inspections provided they met criteria agreed to in the past with the United Nations, Reuters reported from Mos-

[Mr. Aziz said at a news conference during a visit to Russia that he had been told that UN inspectors carried out four inspections Tuesday morning and that those checks had met the criteria. "So the answer is yes.'' he said when asked if Iraq

would permit the surprise inspections.

[But referring to a statement Monday by Mr. Butler that it would take two to three weeks to establish whether Iraq is cooperating, Mr. Aziz said the inspector had stated earlier in writing that that period was to have started Nov. 24. "He should report next week, seven or eight days from now," Mr. Aziz said. "Let us

see if he is going to keep his promise."]
Foreign Minister Mohammed Said
Sahhaf said in Baghdad that Iraq was about to begin test-firing short-range missiles, which it is permitted for defense. The Iraqi missile program has been a source of extreme concern to inspectors because equipment used to make and test permitted arms could also be used in banned systems. Baghdad has balked at providing information on mis-

balked at providing information on missile parts and fuel supplies.

Mr. Aziz said Monday that Iraq had been cooperating fully. After a meeting with Mr. Aziz, Foreign Minister Igor Ivanov of Russia said that he expected the UN sanctions on Iraq to be lifted soon.

"We are approaching the end of a long process," he said.

But diplomats here consider the current phase of the inspectors, stork to be

rent phase of the inspectors' work to be the most telling test of Iraq's intentions of cooperating with the United Nations, the prerequisite to any lifting of embargoes. Iraqi officials have already branded as "commandos" the special teams that will conduct the searches. In the past, sharp confrontations have occurred when inspectors tried to enter sites not previously designated and were therefore likely to catch the Iraqis off guard.

Mr. Butler, executive chairman of the

concerning the visits would be revealed. "These are surprise inspections, and that's how they must remain," he said. The inspections are the final stage in a five-part process of re-establishing the

work of the international inspection system, which had been disrupted for several months and then cut off entirely for two weeks in November by the government of President Saddam Hussein. Iraq backed down Nov. 14 under threat of U.S. and British military attacks.

Mr. Butler said that after the completion of this round of inspections, led by teams of expens from around the world now gathered in Iraq, he would report on the level of Iraqi compliance. Based on that report, expected in two weeks or less, the Security Council is to decide whether Baghdad has qualified for a comprehensive review of all its

obligations, a first step toward lifting sanctions imposed in 1990.

Some council members have begun to discuss among themselves what should be done if Iraq does not qualify. "What we're getting now is not full cooperone of these diplomats said.

Mr. Butler outlined the five essential components of inspection work requiring fraqi cooperation: access to documents, monitoring, interviews with knowledgeable officials, visits to sites his commission has previously listed as requiring close observation because they are places where weapons-related work might take place, and, finally, disarmament inspections.

"We have restored our work in the first four areas," he said. "We are abo

first four areas," he said. "We are about to begin our work in the last of them."

Mr. Butler acknowledged that inspectors had not got the cooperation they requested on access to documents, but he refused to begin "slicing off" parts of his overall report ahead of time. "I'm not going to make a judgment now on full cooperation," he said. "I told the council that this is a holistic operation." cil that this is a holistic operation.

#### TRAVEL UPDATE

#### French Rail Workers **Vote to Prolong Strike**

PARIS (Reuters) — Train conductors in several regions of France voted Tuest day to prolong their strike, which been disrupting train traffic for 12 days.

The vote by the conductors, who are demanding an increase in staff, came despite progress toward an agreement during talks late Monday between unions and management of the state rail; road, the SNCF.

The strike is expected to continue disrupting train traffic in the regions near Tours, Nantes, Montpellier, Lyon

#### Rome Bans Traffic From Its Main Square

ROME (AP) — Rome's mayor decreed Tuesday that Piazza del Popolo should be a piazza for pedestrians, ban-ning the cars that had turned the city's largest square into a giant parking lot. Hundreds gathered for a ceremony that made the transition to a car-free zone official, applauding when Mayor Francesco Rutelli said, "In this piazza there will be no more cars, forever The ceremony followed a \$2.1 mil-

tion restoration of the square.

Heavy monsoon rains combined with high tides have caused flash floods in one of Singapore's historic districts, the meteorological department said Tuesday. Parts of Chinatown were inundated Monday with more than a meter of water that stopped traffic and damaged shops, The Straits Times reported. (AP)

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The Strasbourg airport remained paralyzed for a second day Tuesday as ts firefighters continued a strike to denand full employee status, airport authorities said. Passengers were being shuttled by bus to other airports. (AFP)

Greece's national museums and archeological sites shut down Tues as Culture Ministry staff called a 48hour strike to protest changes in their pensions, union sources said.

# Huge Difficulties Ahead on Path to 'New Venezuela'

CARACAS — When Hugo Chavez takes office as Venezuela's president on Feb. 2, he will face an immense challenge in making good on his pledge to establish a "new Venezuela" through political and economic reforms while the country is lurching through difficulties, according to analysts.

Mr. Chavez, a radical populist and former military officer who won a landslide victory in the presidential election Sunday, inherits a nation mired in its worst financial crisis in more than a

When he tries to carry out the vague policies that earned him the solid support of the nation's poor. Venezuelan business leaders and foreign investors will be watching closely to see whether his moves mirror the campaign rhetoric that raised questions about his commitment to free markets and to the country's 40-year democratic tradition.

'Chavez will have little room to maneuver," said Eric Ekvall, a political consultant in Venezuela. "He has a very limited purse and unlimited demands, and how does he finesse that politically? To what sense can he forge collective interdependence in a country where wealth creation has always been at someone else's expense?"

This oil-exporting nation's economic straits are due largely to the worldwide collapse of oil prices, which has con-tributed to its \$5 billion budget deficit and offers little hope that its \$22 billion in foreign debt can easily be eradicated. The financial crisis has caused a wide range of social services to deteriorate in a climate of tension between the havenots, who account for an estimated 75 percent of the population, and a small

There is no question that 1999 is going to be a tough year," said Pedro Palma, an economist and president of Heptagon Financial Group, an invest-ment bank based in Caracas, "The problems we have are really, really big, and the actions that are needed to correct them are titanic. Today, with a nominal salary, a Venezuelan can buy less than 30 percent of what he was able to buy in

Some observers contended that his landslide victory, in which he won 56.37 percent of the vote, compared with 39.56 percent for his closest challenger, Henrique Salas Romer, gives Mr. Chavez a strong mandate to act as he deems fit to resolve Venezuela's manifold problems, at least for the time being. While his economic elbow room

may be limited, as a maverick with few check from the business community, but with Chavez." In terms of overall ecooutgoing president, Rafael Caldera, 82.

It remains unclear to what extent Venezuela's political and economic establishment will be willing to work with Mr. Chavez's government, although in the short time since his victory most segments of the governing elite have reacted favorably to his conciliatory remarks and efforts to ease investors'

The election means that the president-elect will have a reservoir of support for what has to be done," said Antonio Herrera-Vaillant, executive vice president of the Venezuelan-American Chamber of Commerce. "We have lacked this in the last five years, because Caldera was a minority president.

There has been great relief that since Chavez was elected, he has not waged class warfare and has been conciliatory. Nobody is giving him a blank

political debts, Mr. Chavez has far more opportunity to experiment than did the Mr. Chavez has offered a collection on monic reform, observers noted that a continued bleak outlook for the nation's

of proposed economic and political reforms, many of them lacking details, some considered radical and others viewed as more centrist. He has said that he wants to raise the

minimum wage while cracking down on tax evaders, raise sales taxes, cut the number of government ministries by two-thirds and rein in the deficit. He also has stressed restructuring the foreign debt in light of high interest payments.

'Chavez's written economic platform is terribly vague and lacks substance." judged Orlando Ochoa, economics professor at Andres Bello University in this capital. "There are no commitments, only general principles. I believe that what he has to do is name a credible figure in his cabinet that can generate a

favorable impact in the markets. "Caldera tried a program of trial and error. I hope that does not happen again

will be extremely difficult; the economy is on the floor. We have to focus on things like education and legal security for investors. If there are no foreign investors, Venezuela cannot exist.' But Beatrice Mata, 31, a nurse who

voted for Mr. Chavez, said that in the long run he would be the best thing for international investors because he has vowed to impose on Venezuela a culture

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economy and an entrenched culture of

fiscal recklessness that has spanned de-

cades will make the task extremely dif-

ficult. Inflation is hovering around 65

percent, as are interest rates, with no

Monica Benayon, 40, an economist

who voted for Mr. Salas, said: "The

poor have reason to be fighting, but

Chavez is not the solution. He cannot

deliver what he is promising. Next year

## At Least 35 Bodies Are Found In 2 Mass Graves in Algeria

ALGIERS - Rescue workers excavating two mass graves near Algiers have found the bodies of 35 people. believed to be victims of Muslim militants, and are still digging, a news-paper. El Watan, reported Tuesday. El Watan, considered to be the best-

informed daily on security matters. quoted the rescue workers as saying that they expected the number of bodies unearthed to total more than 200. The newspaper said the victims had been seized by members of the Armed

Islamic Group, who killed them and dumped their bodies in two wells in an orange grove about 20 kilometers (12 miles) southwest of central Algiers. The workers have been excavating

the wells during the last two weeks since it was discovered that they had been used as mass graves. It was not clear how long the bodies had been left

El Watan quoted workers as saying that some bodies had been tied up with

"At one site, we dug 40 meters deep and we have to excavate a further 30 meters to reach the bottom." the newspaper quoted workers as saving.

The area where the bodies were found is in what Algerians call "the triangle of death'

between Algiers and Blida, 50 ki-

lometers south.

where scores of ci-

vilians have been kidnapped. In the last four years, hundreds of civilians have been killed in this area. and the government has held Muslim rebels responsible.

The government has so far made no comment on the discovery of the mass graves, and the state-run press has not mentioned them.

Another daily. La Nouvelle Republique, said Tuesday that Muslim militants were suspected of being behind the killings of three peasants on Sunday night at Bou Ismail in Tipaza Province, 60 kilometers west of Algiers. Also on Sunday, Muslim rebels

slashed the throats of nine farm workers, mostly women and children, in the same province, according to government security officials.

The killings Sunday brought the total to more than 60 in the last seven days. Since 1994, there has annually been an upsurge of bloodshed in Algeria just before and during the Muslim holy month of Ramadan. The month of fasting will begin in the second half of

Muslim rebels consider Ramadan an auspicious period in what they call their holy war against the government.

Algeria has been torn by violence since early 1992, when the authorities disallowed a general election in which radical Islamists had taken a commanding lead.

More than 65,000 people have died since then, according to Western es-

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#### THE AMERICAS

# Dropping Campaign Inquiry, Reno Eases Clinton's Load

By James Bennet

New York Times Service

terious gardeners and munificent nuns, indonesian bankers and Arkansas restaurateurs - have faded further into the background.

with Attorney General Janet Reno's decision ... 1996 campaign commercials.

The decision lightens Mr. Clinton's load of troubles, coming as it does after the independent counsel Kenneth Starr dropped several lines of inquiry and the Paula Jones sexual misconduct suit was settled. The president would have cause to celebrate, if not for an impending impeachment vote over the Monica Lewinsky matter.

The decision also strengthens what is emerging as the one unbendable campaign-finance rule for any presidential aspirant who hopes to be competitive: Almost anything

On the final day of a 90-day review period provided under the independent counsel law, Ms. Reno concluded Monday that no further criminal investigation of Mr. Clinton was warranted because there was "clear and convincing evidence that the president and vice president lacked the criminal intent to violate to be kept on a tighter leash the law." The conclusion was based on Ms. Ms. Reno had already effectively dis-Reno's finding that their decisions had been

guided by legal advice that their campaign advertisements were lawful.

Ms. Reno did not reach any judgment on WASHINGTON — More than two years the actual legality of the advertisements' fiof uproar and investigation — into White - nancing. But she said the laws that regulated House coffees and endless advertising, mays them were ambiguous, noting that members them were ambiguous, noting that members them were ambiguous. of the Federal Election Commission just last week described the standards as "fuzzy" and 'hardly clear.''

The commission is expected to consider at not to recommend an independent counsel to meetings this week whether the 1996 ad-investigate President Bill Clinton's role in vertising campaigns of both the Democratic and Republican parties amounted to civil violations

ANALYSIS of election law. But Mr. Clinton is not out of the woods on the matter. A Justice Department task force will keep investigating possible campaign-finance abuses, and the few journalists who are still digging into the 1996 campaign may yet find something dam-

aging to the president. Ms. Reno also could still recommend that an independent counsel investigate a distantly related matter involving Harold Ickes, the former deputy White House chief of

But even if Ms. Reno takes that step, it poses, little threat to Mr. Clinton. After Mr. Starr got permission to expand his investigation from real-estate deals to presidential affairs, fumre independent connsels are likely

missed most of the accusations of shady

dealings on the part of Mr. Clinton in fi-nancing his re-election campaign.

Three months ago, however, she ordered a review of whether Mr. Clinton violated campaign finance rules in promoting his re-election in 1996 with commercials paid for by the Democratic National Committee.

Mr. Clinton had a strong defense: He had listened to his lawyers every step of the way. But, more important, he did not need a strong defense, because of the profound weakness of the campaign-finance rules he was accused of

As long as the commercials did not expressly advocate the election or defeat of a candidate, Mr. Clinton was advised, they did not have to be paid for with federally regulated campaign money, which is given in limited amounts. Instead, they could be paid for by the party with the unrestricted dona-

tions known as soft money.
"We realized we could run these ads through the Democratic Party, which meant we could raise money in \$20,000 and \$50,000 and \$100,000 wads," Mr. Clinton told a

group of donors two years ago.

It was to snatch up such "wads" that the
Democrats engaged in the practices that produced the biggest scandal of Mr. Clinton's presidency, until the next scandal came

The commercials, which began to be broadcast as early as August 1995, never explicitly urged a vote for the president. But they were not subtle. "Dole-Gingrich vote no

- no to America's families," one adver-tisement said, fusing Senator Bob Dole who as expected became the Republican nominee for president against Mr. Clinton to Newt Gingrich, the unpopular then-speaker of the House of Representatives.

For their part, the Republicans paid for commercials providing a stirring biography of Mr. Dole and argued that such advertising did not call for anyone's election.

Despite the Republican cries of outrage Monday, the political market has long since discounted the decision. That is, politicians who have lambasted Mr. Clinton for his practices have also studied them closely and have been following his example without fear of possible prosecution.

In this year's congressional election campaign, for example, the Republicans used soft money to pay for commercials assailing Mr. Clinton over his affair with Ms. Lewinsky; and presidential hopefuls for the 2000 election have already begun raising soft money to pay for advertising.

Ms. Reno's decision suggests that such candidates may have less reason to fear the kind of aggressive investigation that could lead to a tightening of campaign-finance laws. But Representative Christopher Shays, Republican of Connecticut, who is pushing one such measure, said he did not necessarily

'The system is broken and needs to be fixed," he said. "Soft money is the loophole that ate the law."

#### POLITICAL NOTES

احكاءت الناحق

#### Social Security Reform Plans Include First Štock Investment

WASHINGTON - The Clinton administration has narrowed its quest for a way to avert the looming insolvency of Social Security to a series of proposals that would include some form of stock market investment for

At the same time, administration officials are working to appease congressional Democrats and the party's key constituencies by preserving elements of the existing retirement system and by trying to ensure that the program gives the greatest help to people who need it most.

This difficult balancing act — leaning on Wall Street

without sacrificing the program's guiding values - is the course President Bill Clinton appears to be charting as he sets out to make an overhaul of Social Security his main domestic priority for the coming year.

To explore how such a formulation might work, a small team of top administration economic advisers has been concentrating since early this fall on five potential reform plans, according to administration sources. Mr. Clinton has attended at least a half-dozen of the team's meetings.

All five plans contain the once-heretical idea, now favored by many Republicans, of hamessing the power of equity investments to stretch Social Security revenue. The plans vary significantly, however, in how much they rely on the stock market and in who takes responsibility for investing the funds — the government or individuals.

Three versions would require people to establish

private investment accounts, while two would permit such accounts on a voluntary basis. Similarly, two plans would divert some payroll taxes from the program's trust fund, while three would not. And certain plans would force retirees to wait longer to become eligible for the program or give them fewer benefits once they do.

They also would use different methods of protection. One would allow retirees whose private investments fare poorly to draw bigger checks.

Opening a meeting Tuesday on Social Security reform. President Clinton told lawmakers and policy advocates: 'Our ears and our minds must remain open to any good idea and to any person of good will."

#### Quote/Unquote

Gregory Craig, a White House special counsel, as he opened the defense of President Clinton before the House Judiciary Committee: "As surely as we all know that what he did is sinful, we also know it is not impeach-



TAILS IT IS - Mary Ellen Withrow, the U.S. treasurer, showing off a freshly minted Delaware quarter, one of 50 new state versions. Caesar Rodney, a Revolutionary War figure, is featured.

#### **Away From Politics**

• Fumes from a cooking grill killed three Pennsylvania men trying to keep warm while sleeping in tents during a weekend fishing trip in New Jersey. (AP)

• George Roden, 60, the former Branch Davidian leader who had been in state care since he was declared insane in 1989, was found dead outside a mental institution in Big Spring, Texas. He had escaped and apparently died of a heart attack.

• A former cabinet maker who killed three women in separate 1987 attacks was executed by lethal injection Monday at a state prison in Huntsville, Texas. (Remers)

• The Roman Catholic Diocese in Rochester, New York, has suspended a priest who conducted same-sex weddings, served Holy Communion to non-Catholics and allowed a woman to perform priest-like duties.



AFTER THE DELUGE - A resident of Tegucigalpa, Honduras, walking past a street vendor's stand amid flood-damaged buildings Tuesday. Central American leaders were in Washington seeking aid from international organizations.

## Castro's Gibes Puzzle Mexico

#### Why Has Cuban Leader Suddenly Turned on Old Ally?

suddenly abandoned his dis-

policies, criticizing the North

American Free Trade Agree-

ment, accusing the Mexican

on the Third World and of

letting American culture over-

"When they ask Mexican children," Mr. Castro said,

country?' it's possible that

many don't know.'

Who is the father of your

whelm Mexican traditions.

with the United States.

By Sam Dillon New York Times Service

MEXICO CITY — Fidel Castro has long kept a special place in his heart for Mexico. In the 1960s, Mexico stood alone among Latin American countries, defying Washington's entreaties to break relations with Communist

In the first two decades of Mr. Castro's revolution, Mexico was the only major Latin country whose guerrillas he refused to train. Mr. Castro even held his tongue in recent years, as Mexico has mostly abandoned its "anti-Yankee" foreign policy in favor of

closer economic integration mats and economists. Foreign Minister Rosario cordial visit to Havana, called in the Cuban ambassador. Curpuzzlement over the outburst with him.

> vov tor consultations. A congressman from President Ernesto Zedillo's governing Institutional Revolutionary Party, or PRI, Francisco Javier Santillan Oceguera, called Mr. Castro's remarks an intervention in

Mexico's internal affairs. The president of the Foreign Affairs Committee in Mexico's Congress, Julio Faesler.

urged Mr. Castro to "keep in But last week, Mr. Castro mind that we Mexicans feel sorry about the lack of success he has had with his own eco-Addressing an economic nomic development. Some analysts st

Some analysts suggested rided contemporary Mexican that Mr. Castro had aimed his remarks at Mexico's former president, Carlos Salinas de Gortari, who engineered the government of turning its back NAFTA accord. But there was little evidence of that, because Mr. Salinas visited Havana recently and seems to enjoy excellent relations with Mr. Castro. Other experts suggested that Mr. Castro. sensing the PRI's potential

many don't know.

"But they sure know tions in 2000, was currying.

Mickey Mouse," he added, to favor with opposition parties.

Edelmiro Castellanos, a Cuban journalist here, saw a wider motive: that Mr. Castro Green, who recently made a was seeking to rebuild cordial visit to Havana, called bridges to leftists all over Lat-

defeat in presidential elec-

in America, many of whom beld Padron, to express "deep have grown disenchanted "His image with the left is

and called in the Mexican en-A Brazilian Socialist, Luiz

Inacio da Silva, whose movement has included some of Mr. Castro's most enthusiastic supporters, criticized Mr. Castro this fall because the Cuban has forged cozy relations with the Brazilian government, which Mr. da Silva views as conservative.

# Canada Tries to Block U.S. Execution

By Rick Lyman

New York Times Service HOUSTON - Joseph Stanley Faulder, a 61-year- United States, but had found citizens in foreign jails, in-old Canadian national who only three cases in which the cluding some 300 Texans, has already had eight dates condemned were properly in- who are afforded this most with the Texas executioner formed of their consular basic consular protection. during more than two decades rights.

Death Pow now finds "Until very recently, conhimself at the center of an sular notification was the rare whether his ninth date, this ren, U.S. coordinator for Am-Thursday, will be his last.

The Canadian government, Faulder's sentence com- though the State Department muted. Secretary of State sent out periodic bulletins to Madeleine Albright wants local law enforcement offi-Texas to delay the execution cials. Even now, it's a slow until an argument over his rights under an international treaty can be settled.

And a disparate coalition of human rights campaigners. Texas and California. and death penalty opponents have converged on Texas this week to trumpet his cause. Among them was a Canadian delegation led by Rubin (Hurboxer who moved to Toronto he d' not commit.

15 Faulder case has come ministers because, at the time sular help did indeed contribof his arrest and questioning, he was never informed that he 36 of the Vienna Convention talking about reducing a on Consular Relations, which death sentence," said Richon Consular Relations, which the United States signed in and Dieter, director of the 1969 — to contact the Ca- Death Penalty Information 1969 - to contact the Ca-

This right, which the sular notification and gotten U. ed States demands for its some legal help from Canada, citizens arrested abroad, has it might have made the difbeen routinely denied to foreigners arrested in the United received." States, human rights advocates contend.

als from 24 countries being der Texas law. She pointed held on death rows in the out that there are 12,500 U.S.

international tussle over exception," said Mark Warnesty International in Canada. "Until last year, we found which outlawed the death, that virtually no one in the isolaty in 1976, wants Mr. U.S. knew of the treaty, even

though the State Department

The largest number of foreign nationals on death row are Mexicans imprisoned in

In the Faulder case, Foreign Minister Lloyd Ax-worthy of Canada contacted Mrs. Albright and Governor George Bush of Texas last ricane) Carter, an American month to ask that the lethal injection scheduled for 6 after spending 19 years in P.M. Thursday at the Texas prison for three killings that death house in Huntsville be delayed until it can be de-termined whether Mr. to the attention of foreign Faulder's failure to get con-

ute to the death sentence. "We're not talking here had the right - under Article about freeing someone; we're nadian Consulate and seek Center in Washington. "If he had been advised about conference in what sentence he

> Mrs. Albright agreed to ask Mr. Bush to grant a 30-day

Ammesty International said reprieve, as much as the gov- the two women began to it knew of 73 foreign nation-ernor is empowered to do un-

> pendent, however, on the extent to which foreign governnotification obligations to

us," she wrote. Mr. Bush has said he will accede to whatever recommendation he receives later this week from the Texas Board of Paroles and Par- the case. dons, a body that has not shown itself inclined toward clemency in death penalty

In the meantime, lawyers for Mr. Faulder have asked the U.S. Supreme Court to delay the execution and reconsider the case.

There is little dispute about prison record, met a woman in an East Texas pool hall in 1975 and hatched a plan to rob an elderly oil widow. It went badly. The safe in the widow's house was empty,

struggle over a gun, and Mr. Faulder first bashed in the widow's head with a blackiack and then buried a kitchen knife in her chest. Arresting officers said that

they did not know that Mr. "Our ability to provide Faulder was a Canadian cit-such assistance is heavily de-izen because he was carrying a Texas driver's license. It was not until he was on Death ments honor their consular Row for 15 years that a new attorney thought to contact his family and alerted Canadian authorities, who said they would have provided legal assistance to Mr. Faulder if only they had known about

> Human rights activists estimate there are 50 cases being argued in U.S. courts on a variety of charges that are based, in part, on a failure to provide proper consular no-

"There is a golden rule," Mr. Warren said. "If the United States expects the the basic facts of the crime: rights of its citizens to be pro-Mr. Faulder, a drifter with a tected abroad, it must provide

### **Ruling Limits Motorist Searches**

WASHINGTON — A unanimous U.S. Supreme Court ruled Tuesday that the police could not carry out a full-fledged search of motorists and their vehicles if they had only been stopped and ticketed for routine traffic vi-

The high court, in an opinion by Chief Justice William Rehnquist, refused to give the police the same power to conduct a search in cases of traffic citations as has existed since 1973 for motorists who have been arrested.

The ruling was unusual in that the conservative-controlled court in recent years

www

has generally expanded the power of the police to conduct searches and seizures of evidence, especially in trafficstop situations.

The ruling was a victory for the American Civil Liberties Union. Its impact will be limited, however, because lowa has been the only state to allow a search of someone stopped for a traffic citation.

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# What Clinton Defenders Told House Committee



Taking the oath Tuesday as witnesses before the House Judiciary Committee hearings were, from left, Nicholas Katzenbach, Bruce Ackerman, Sean Wilentz and Samuel Beer. They were all part of the defense team for President Bill Clinton as the White House was given two days to present its case against impeachment. Mr. Clinton, at left, was not present at the hearing but was taking part in Social Security meetings.

This is a partial text of statements by witnesses for President Bill Clinton on Tuesday before the House Judiciary

The first to speak was Greg Craig.

White House special counsel:

The time has finally come for the president to make his case and to give his side of the story. Over the next two days, we will present to this committee, to the Congress and to the country as a whole a powerful case based on the facts already in the record and on the law, a powerful case against the impeachment of this

During our presentation today and tomorrow, we will show from our history and our heritage, from any fair reading of the Constitution and from any fair sounding of our countrymen and women that nothing in this case justifies this Congress overturning a national election and removing our president

As we begin this undertaking, I make only one plea to you. And I hope it is not a futile one, coming this late in the process: Open your mind; open your heart; and focus on the record.

As you sit there listening to me at this moment, you may already be determined to vote to approve some articles of impeachment against this president. That is your right and your duty if you believe the facts and the law justify such a vote. But there is a lot of conventional

wisdom about this case that is just plain wrong. And if you are, in fact, disposed to vote for impeachment, in the name of a justice that is fair and blind and impartial, please do so only on the basis of the real record and on the real testimony, not on the basis of what someone else tells you is in the record.

By the close of tomorrow, all the world will see one simple and undeniable fact. Whatever there is in the record that shows that what the president did was wrong and blameworthy, there is nothing in the record in either the law or the facts that would justify his impeachment and removal from office.

In truth, I would not be fairly representing President Clinton if I did not convey to you his profound and powerful regret for what he has done. He has insisted and personally instructed his lawyers that no technicalities or legalities should be allowed to obscure the simple moral truth that his behavior in this matter was wrong. He misled his wife and family, his friends and col-

the country that he is genuinely sorry for ally exonerates him. And yet their testi- Charles Ruff, counsel to the president. the pain and the damage that he has caused and for the wrongs that he has committed. But as an attorney, I must caution this committee to draw a sharp distinction between immoral conduct and illegal acts.

Just as no fancy language can obscure the simple fact that what the president did was morally wrong, no amount of rhetoric can change the legal reality that there are no grounds for impeachment.

As surely as we all know that what he did is sinful, we also know it is not impeachable. Let me assure the members of this committee, the members of the House of Representatives and the American public of one thing.

In the course of our presentation today and tomorrow, we will address the facrual and evidentiary issues directly. We will draw this committee's attention to evidence that tends to clear the president with respect to each of the various charges - evidence that was left out of the independent counsel's referral, evidence that has not been widely reported in the oress, but evidence that reveals the weakness of the charges being brought against the president. And we are confident that at the end of this presentation. you will agree that impeachment is neither right nor wise nor warranted.

When it comes to constitutional standards for impeachment as conceived by the founding fathers, we will show that the Constitution requires proof of official misconduct and abuse of high public office for the drastic remedy of im-peachment to be appropriate. When it comes to standards of proof that should apply to the evidence that is brought before this committee, we will argue that this president should be considered innocent until proven guilty. And that he should be informed with particularity as to the facts and specifics of the misconduct that he is accused of - especially, when it comes to the allegations of perjury.

On those allegations, we will show that neither the law of perjury nor the facts of this case could sustain a criminal

prosecution, much less impeachment.

cede that, in the Jones deposition, the president's testimony was evasive, incomplete, misleading, even maddening, but it was not perjury.

On the allegation of perjury before the grand jury, which we all agree is the more serious offense, please look at the real record, not the referral's report of that record. Millions of Americans watched that testimony. They concluded, as I believe that you too will find, that in fact, the president admitted to an improper, inappropriate and intimate re-lationship with Ms. Lewinsky. He did not deny it, he admitted it.

Fair-minded Americans heard what the president and said and they knew what the president meant.

When it comes to allegations that the president with Ms. Lewinsky, Ms. Currie and Mr. Jordan obstructed justice, we will show that the evidence presented in the referral is misleading, incomplete and frequently inaccurate. We will show that the president did not obstruct justice with respect to gifts, the job search or the affidavit. And we will show that the president did not seek wrongfully to

influence Ms. Currie's testimony. real record, not the referral's version of leagues, and our nation about the nature of his relationship with Ms. Lewinsky. that the sworn testimony of Ms. Lewbringing criminal cases alleging perjury The president wants everyone to insky, Ms. Currie and Mr. Jordan, far and obstruction of justice. grand jury, is edited, modified, qualified or ignored in the referral.

When it comes to allegations that the

president abused his office, we will show that the president's assertions of executive privilege were perfectly proper and that the claims of attorney-client privilege were justified under the circumstances.

And when it comes to allegations that the president used the power of his office to mislead his aides, not as one might think, for the purpose of protecting himself and his family, but as alleged, to mislead the grand jury, we will show that false denials about an improper private relationship, whether those denials are made in private or before the entire world, simply do not constitute an abuse

of office that justifies impeachment. Finally, Mr. Chairman, before introducing the distinguished members of this panel, let me just point out that in the course of this impeachment inquiry the members of this committee have learned nothing new either about the Lewinsky matter or about any other matter warranting consideration in these proceedings, except that the president has fi-nally, if belatedly, been cleared on the charges concerning Whitewater, the file matter and the Travel Office.

There has been no new evidence and there are no new charges. So I say to the members of the committee, if back in September, when you received this referral, if back in October when you voted to conduct this inquiry, if back then you didn't think that the referral justified impeaching President Clinton, there is no reason for you to think so today.

There can be no more solemn or awesome moment in the history of this republic than when the members of the House of Representatives contemplate returning an article of impeachment against the president of the United States. There can be no more soulsearching vote in the career of a member of the House of Representatives than when he or she considers impeachment of the president of the United States.

These are weighty issues, and great

partisan politics on either side blind your eyes to the truth of the law, the evidence,

This first panel of witnesses is composed of a distinguished public servant and a group of eminent scholars who will testify about the history of impeachment and the constitutional standards that should govern impeachment. The second panel of witnesses will

bring the wisdom of hard-won experience - experience, Mr. Chairman, earned in this very room serving on this very committee under the leadership of that distinguished chairman, Peter Rodino, whose portrait hangs on the wall before me. They will bring that wisdom to bear on the vital issue of what was abuse of power by a president in 1974 compared with the allegations and the evidence of abuse of power by this president in 1998.

The third panel of witnesses will discuss how we should examine and evaluate the evidence that is before us, with respect to the abuse of power and the factfinding process. And then tomorrow, we will hear the testimony of a fourth group Again, we will ask you to look at the of witnesses, experienced lawyers in the criminal justice system, who will shed

mony, although crystal-clear before the will present the president's final defense to the committee and respond to ques-

> Nicholas Katzenbach, former attorney general:

A great deal has been written and spoken on the subject of impeachment by the media, by members of Congress, by witnesses testifying before this committee, by academics and others - so much, in fact, that it seems to me we're in danger of losing sight and understanding the fundamentals. So in the hope of simplifying a complex issue, I'd like to begin with some fundamentals that are not, I believe, controversial.

The process of impeachment is simply to remove from office upon conviction, not to otherwise punish the person involved. The Constitution provides the legislative branch, the Congress, with this means of removing from office the president, the vice president, and all civil officers upon conviction of treason, bribery, or other high crimes and misdemeanors. The threshold problem for the committee is, of course to determine what constitutes high crimes and misdemeanors which would justify removal

from office of an elected president. The phrase "high crimes and misdemeanors" is not a familiar one in modern American jurisprudence. At common law, it constituted the category of political crimes against the state, and neither high crime nor high misdemeanor have ever been terms used in the criminal law.

In the United States, one of the founders. James Wilson, made essentially that point when he wrote that, quote, "Impeachments are confined to political characters, to political crimes and misdemeanors, to political punishments." Or, as Justice Story observed, impeachment is, "a proceeding, purely of a political nature, is not so much designed to punish an offender as to secure the state against gross political misdemeanors. It touches neither his person nor his property, but simply di-

vests him of his political capacity.

which separation of powers was of great importance. In Great Britain, the impeachment process was aimed at officers appointed by the crown in circumstances storically where the king himself could not be removed from office ex-Oliver Cromwell's.

As the British system has evolved and she could be forced to a midterm election by a parliamentary vote of no confidence, impeachment has lost its punch.

But in the United States, where the president is elected for a fixed term of office different from the legislative terms, the Founders thought it essential to have some means of removing him or is guilty of high crimes and misdemean-

Now whatever that term may be found to mean, it's clear that the founders intended it to be a limited power. Because in their debates the founders dealt virtually exclusively with the president and misdemeanors with, in the debates, erwise? great offenses, when that term was ad-

Now, I appreciate that this brief history doesn't resolve in any decisive fashion the threshold problem the committee is facing in determining what conduct by a president justifies impeachment.

But I do think it tends to provide some parameters which should be useful and which should not, at least when phrased generally, be very controversial. It's a serious matter for the Congress to remove a president who has been elected in a democratic process for a term of four years, raising fundamental issues about the separation of powers.

If that power is not limited, as it clearly is, then any president could be removed if a sufficient number of members of the House and Senate simply disagreed with his policies, thus converting impeachment into a parliamen-

tary vote of no-confidence. Whatever its merits, that isn't our constitutional system.

Because impeachment is a political process, it's always had a strong partisan quality element and strong partisan motivation. It still does, and in a democratic political system, probably always will. But that fact simply increases the risk of subverting the constitutional system.

To appreciate those risks, you need only consider the impeachment of Andrew Johnson, the president who came close to being convicted in the process, as unfair as it was partisan, which should be an object lesson for all.

The job of this committee is to weigh the facts of President Clinton's alleged conduct against the limiting provision of the Constitution: "other high crimes and misdemeanors."

The job may seemingly be made more difficult because of the application of that term to judges as well as the president and vice president. One simply needs to take into consideration the different roles and responsibilities of the officers involved.

The proper way to resolve these problems, which are made more difficult by framers, for representative government, clear purpose, is simply to return to the that has been alleged against President role in government.

sequence. Please do not let the passion of faced was how to adapt this process from reasons for the provision. If we think of it a parliamentary system in which there in political, not partisan — political was no separation of powers to one in terms, impeachment is designed to provide the legislative branch with a method of removing a person from office whose conduct is so egregious as to justify reversing the process by which he was appointed or elected.

It seems to me clear that in our system pt, perhaps, by revolution, such as of separation of powers, this cannot mean simply disagreement, however political yes. sincere, however strongly felt, with the prime minister become essentially a either the decisions of judges or the legislatively elected official, where he or policies of the president. It must be some as to bring into question the capacity of the person involved to carry out his role with the confidence of the public.

If I am correct, then it seems to me the

fundamental question is simply whether the president has done something which to have some means of removing him or her before the expiration of his term if he ability to continue in that office. If the public doesn't believe that what he has done seriously affects his ability to perform his public duties as president, should the committee conclude that his acts have destroyed public confidence essential to that office?

added later in the process — and because proper? Is it a proper role of a partisan for most of the convention the impeach- majority in Congress to conclude that the ment clause was confined to treason and offenses are so serious as to warrant removal even if the public believes oth-

> I don't find the arguments for this position persuasive. First, there's an argument that perjury - and for the purposes of this analysis. I take it to be correct - is always so serious, irrespective of circumstance, as to warrant' removal of a president. I suggest that some perjury is more serious than others. If, for example, the president were to ear falsely that he had no knowledge of a CIA plot to assassinate the speaker -Finally, I can't see any constitutional basis for impeachment.

> To remove a popularly elected president requires, in my judgment, showing great offense against the public weal sufficient to bring into the question of reasonable people whether or not he should be removed.

The threshold constitutional question, Mr. Chairman, for each member of Coness which he must decide, or her, can be simply stated: "Is the conduct of the president such that he should be removed from office because, as a consequence of that conduct, the public no longer has confidence that he can per-form the duties of that high office?"

Remember, impeachment is a political process, a political remedy, to preserve confidence in that political process, not to punish a perpetrator.

Sean Wilentz, professor of history, Princeton University:

I strongly believe that the weight of the evidence runs counter to impeachment. What each of you on the committee and your fellow members of the House must decide, each for him or herself, is whether the actual facts alleged against the president, the actual facts and not the sonorous formal charges, truly rise to the level of impeachable offenses.

If you believe they do rise to that level. you will vote for impeachment and take your risks at going down in history with the zealots and the fanatics.

If you decide to do this, you will have

Clinton, and your reputations will be darkened for as long as there are Americans who can tell the difference between the rule of law and the rule of

Representative George Gekas, Re publican of Pennsylvania:

Professor Wilentz, your testimony has really astounded me. And I want to question you on one phase of it. You seem to indicate that if any one of us, any member of Congress should vote for impeachment, there will always be the question in your mind as to whether west olution and study and analysis and con-

And I hope that after this is over that you take a roll call of those who voted and then analyze for us - it'll take you 100 years - to determine whether we did it out of cravenness or not. I think: that's a despicable way to characterize in : advance a possible vote on some serious note as this. That's number one.

General Katzenbach, you seem to have placed a great deal of emphasis on the difference between a criminal of fense and a political offense that is couched in impeachment. And I agree with you that it is substantially if not totally a political process. If the president of the United States refused togrant requests to the Congress time and time again and the Congress felt that it should judge the president in contempt of Congress, you would consider that a political, not a criminal, offense, would you not?

Mr. Katzenbach:

If it was an offense at all, it would be

Yes. Yes. And so the Congress, if it felt on a series of contempt instances that conduct, some acts which are so serious it would proceed, you would not auto-as to bring into question the capacity of matically discount that as an impeachable offense, would you?

Would this not be a refutation or a knock in the eye to another branch of government that the president was in-

It might be that, sir, but I don't think that the Constitution provides, under high crimes and misdemeanors," for refusal of the president to do what the Congress wants it to do. There are other ways in which the Congress deals with that problem and, frankly, sir, this is ritually exclusively with the president The only question, after all, is removal simply not one of them. No, I would not — civil officers, as you know, were of office from an elected official. Is it regard that as grounds for impeach to

> ... So that you have no idea, as you are. misdemeanors might be?

Mr. Katzenbach: Oh, I have a good idea what they

might be, yes, sir. Mr. Gekas:

And you're saying that perjury, which would be a direct affront to the judicial process, could not be considered fairly by any of us as being an impeachable offense. If indeed giving false state-ments under oath in a judicial proceeding can be fairly characterized by many of us who are analyzing this as an affront to the other branch of government, meaning the judiciary, the judicial branch of government, you think that the commission of a statutory crime, common law crime of false statements and oath, or just obstructing justice by giving false statements under oath would not arise to an impeachable offense; is that what you're saying to us? Mr. Katzenbach:

No, sir, that's not what I am saying. I am saying that all of those could be impeachable offenses if the effect of that was to destroy public confidence in the ability of the president to play his role in the government. Mr. Gekas:

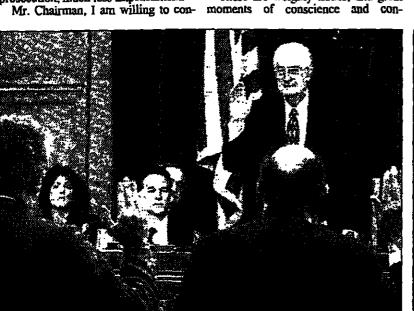
And you say that the fact that he confronts the judiciary and attacks the judiciary by virtue of a perjury would not be an attack on the constitutional system. is what I hear you saying.

Mr. Katzenbach:

That's not what I'm saying; it assy be what you hear, but it is not what you Mr. Gekas:

Would you agree that we have a difference of opinion and that we would not be craven if we decided that perjury committed by the president of the United States, if so concluded, in a judicial proceeding involving the rights of a fellow American citizen would amount to an impeachable offense?

Mr. Katzenbach: It would be an impeachable offense sir, only if the effect of that was regular done far more to subvert respect for the by the members of Congress as so rious that it destroyed public confidence unfamiliar language than they are by and for the rule of law than any crime in the ability of the president to play his



Mr. Hyde of the Judiciary Committee swearing in witnesses on Tuesday. At the Capitol, from left: Greg Craig, Samuel Beer and Nicholas Katzenbach. Charles Ruff, left, and David Kendall, both Clioton lawyers, listening.





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# 'Nothing Is Taboo' for France as EU Prepares for Reform Talks

meet Friday and Saturday in Vienna for their biannual summit meeting with their attention focused as usual on unemployment. But most of the hard talk will come in relation to Agenda 2000. the EU's outline of its budget and activities for the next seven years. The issue is essentially who pays what, with the Germans insisting they must reduce their contribution, and France, Britain and Spain, among others, attempting to hold on to their cash advantages.

Pierre Moscovici, the French min-ister-delegate for European affairs. talked to John Vinocur, senior correspondent of the International Herald Tribune, about his government's posi-tion and its relationship with Germany going into the meeting.

Q: What concrete results do you expect from the Vienna summit meeting?

A: The central message will be and must be about employment. The result should be to confirm the dynamic that began at the Luxembourg meeting a year ago. That means we want quan-

The leaders of the European Union Q & A / Pierre Moscovici, France's point man for European affairs year Friday and Saturday in Vienna for

tified indicators in order to reduce unemployment among the young and those who have been unemployed for quite some time. We'd like to have a discussion about lifelong learning, reducing the length of work and, why not, about minimum income in each country. This doesn't mean the same minimum revenue, but the principle of minimum revenue in all countries. We'd like to call for more social dialogue

Q: What is France's view of Germany's desire to lower its contribution

to the EU through Agenda 2000?

A: We don't consider that Agenda 2,000 is only about the German problem. It's a global reform. It's how to finance the Union for seven years and how to define the common policies. We don't ignore that Germany feels that they are supporting an imbalance. But we want the answer to all those problems to come from one principle: stabilizing the expenses of the Union. We believe we can

do better with no more expenses. That's what we're seeking in Vienna, and we really want to end these negotiations in March. There are two things that we very clearly refuse. First, to solve the German problem, the Dutch problem, the British problem by generalizing the rebate system that was given Britain. The second thing we refuse is co-financing the Com-mon Agricultural Policy, which would mean a renationalization of that policy.

Q: But how do you respond to the people who say France is far too great a

people who say France is far too great a beneficiary of agricultural subsidies? A: France is a beneficiary because it's a strong agricultural power, but we are a strong agricultural power, but we are not favored by any specific mechanism. This has been recognized for 40 years. We don't refuse a reform of the Common Agricultural Policy. We'll be capable of talking about economies on that policy. But I repeat: We refuse co-financing.

monization about energy or savings. Q: Because there's so much money This could be a first step. and so many strongly held positions involved, won't these Agenda 2000 Q: How do you define social dump-

lot. There are countries in the Union that have, for example, lower pension costs than France or Germany. Is that how you explain social dumping? talks be difficult, perhaps damaging? A: It's a very difficult discussion.

A: I don't want to go too far, and I don't want to involve any specific country in that field. What I mean is that together we've got to find the minimum rules we want to fix. have to make compromises, and we're

Q: How does Paris regard the new German government and what many consider its less-than-brilliant start?

A: They have a new team that wants a new start for Germany and a new start for Europe. Maybe they have their dif-ficulties, but we've had very concrete, very positive conversations. We feel ing. Harmonization in our view doesn't mean uniformization. We don't believe they are going to move. This is important for Europe. We are also closer mean uniformization. We don't believe that there should be one single rate of income tax on people or firms. We believe two things: There mustn't be tax paradises in Europe. And we believe there have to be rules against social and fiscal dumping in Europe. That's all that we are seeking, and that means there will probably have to be a fiscal harmonization about energy or savings. on themes like enlargement, institutional reform, a pact for employment.

Q: Do you feel any less German interest in sharing a motor-of-Europe

role with France?

A: Not at all. They really want to be involved in Europe, and they still believe the Franco-German read it in any at its center. Maybe they feel it in an-



Pierre Moscovici: Summit meeting "must be about unemployment.

other way. Maybe it's less romantic, less sentimental, but I think it is maybe more concrete, closer to the preoccupations of the people. There won't be a change

# Kosovo's Other Refugees Fight Misery and Hunger

Tens of Thousands Are Hidden in Montenegro

By R. Jeffrey Smith

ULCINJ, Yugoslavia — When Hag-rie Cacaq and her family fled to this seaside village from Kosovo last spring, the Spartan housing was tolerable because the weather was warm. But now a bitterly cold wind and slashing rain are gusting through a window frame covered by a flapping blanket, and her half-dozen children are having trouble sleeping in their winter coats on bare cement floors covered only with card-

"It's too cold," Mrs. Cacaq said, and the only food they get — from the Red Cross — falls well short of what they need. But she and several thousand other ethnic Albanians who came to Ulcinj have no money to pay for food and electricity, so they have no choice but to go without heat, even as nighttime temperatures hover just above freezing.

Mrs. Cacaq and 23 others living in the unfinished beach house are among tens of thousands of refugees from the strifetorn province of Kosovo who are stran-ded here in the neighboring Yugoslav republic of Montenegro. By all ac-counts, Europe and the United States have been extremely slow to assist

Since violent conflict between ethnic Albanian separatists and Yugoslav forces erupted in Kosovo last February, most of the world's attention and humanitarian assistance has gone to the more than 200,000 ethnic Albanians displaced by fighting within Kosovo and tens of thousands of others who fled to Albania or Macedonia.

More than six weeks after the heavy fighting ended, however, from 25,000

**Turkey Works** 

With Italy to

**Ease Tension** 

BRUSSELS --- Italy and Turkey

agreed Tuesday to smooth their

troubled relations pending a de-cision by an Italian court on the fate

of Abdullah Ocalan, the Kurdish guerrilla leader held in Italy.

Foreign Minister Lamberto Dini

of Italy, after a meeting with his Turkish counterpart, Ismail Cem, in Brussels, said, "We have worked

together with Mr. Cem to ease ten-

Mr. Dini said he had also worked

"to get a better understanding of the

position Italy has taken, and to

therefore come back to the climate

that existed between our two coun-

tries — to the extent possible —

Mr. Dini said Italy was aware of

the emotions provoked in Turkey by

the capture of Mr. Ocalan, leader of

the Kurdish Workers Party, which Ankara holds responsible for the

deaths of 29,000 people in a 14-year

armed struggle for Kurdish self-

"I think the will of the inter-

national community, the way it has

been expressed by the United States

and by the European Union min-

isters, is that Mr. Ocalan should be

tried before a court, before a

tribunal," Mr. Dini said at a joint

news conference after meeting with

where he should be tried," he said.

"We have agreed that for the time

being the case is in the hands of the

resolved before we come to take a

position on other avenues which

have been explored," Mr. Dini said,

referring to suggestions that the Council of Europe or the United

Nations could provide a forum for

opposed the internationalization of

what it considers a strictly legal

case. But the two ministers said they

would consult further to promote a

more constructive dialogue.

Mr. Cem made clear that Turkey

"Let's wait and see how that is

Italian magistrates."

judging Mr. Ocalan.

"And it is now to be determined

Mr. Cem at a NATO conference.

before the Ocalan case.

to 35,000 ethnic Albanians, including at least 6,000 children younger than 7, are said by the International Red Cross and the office of the UN High Commissioner for Refugees to remain in Montenegro — down from a summer-time peak of 45,000 to 50,000 but still more than anywhere else outside

Montenegro is the smaller of the two republics that compose the federation of Yugoslavia. It has just 5 percent of the territory of Serbia, the dominant republic. Kosovo in turn is a Serbian

Montenegro is also poorer, with an average wage of \$125 per month, more than 70,000 people unemployed, and an additional 80,000 waiting for late pension payments from the federal government. Some of its key industries depended on trade with Kosovo, which has dried up.

On top of that, it is estimated that at least 31,600 refugees from the conflicts in Bosnia and Croatia have lived in temporary shelters in Ulcinj and other Montenegrin towns for at least three years, still waiting for conditions to settle in those former Yugoslav republics. With this burden, Montenegro's government has been able to provide little assistance to the newcomers.

Many of those who fled to Montenegro reported having to bribes or endure beatings from Serbian border guards. Many also were frightened by a kidnapping incident

earlier this month. The grim conditions here have caused thousands to leave via an underground refugee highway for elsewhere in Europe, traveling through Albania and Italy to Germany and Switzerland after paying a hefty fee to brokers. As many as



And I believe nobody should consider it

a discussion in which somebody can

win, alone, against the others. We'll all

entering these negotiations with that spirit. For us, nothing is taboo.

for tax harmonization that has created a

lot of upset?

Q: What's the French view on the call

A: Maybe there's a problem of word-

Albanian refugees peering out of a tent near Sarajevo. Thousands of others have fled Kosovo for Montenegro.

10,000 to 15,000 people may have returned to their villages in southwestern Kosovo since fighting cooled in early October, but many more say they cannot because their homes are destroyed and

said a 38-"I have nowhere to go." Kosovo town of Decani, who lives with his wife, five children, and seven others in two rooms of a stranger's house in Tuzi, a village 10 miles southeast of Podgorica, the Montenegrin capital.
"My own house is broken, but I

they are afraid of the police.

would live there in a tent," said, adding, "if I was sure that nothing would hap-

pen to me and my family. Like many Kosovo residents who fled

longed to the Kosovo Liberation Army, the man said he would not go back until the Yugoslav government honors its month-old pledge of amnesty for politically motivated activities. He said one of his brothers went to look at the house last week and called to say that "the police are everywhere on the roads they are driving around in private cars."

The man, who asked that his name not be published for fear of retaliation by the Serbian police, said that "the Red Cross provides help twice a month, but we can live for only five days on what they give us" and, without help from local residents, "we would not be alive."

He said his children stayed at home all

along with family members who be- day because the Montenegrin government — fearful of encouraging the ethnic-Albanian families to stay — had barred them from attending a local school. The food aid being provided to the

ethnic Albanians is going only to those younger than 14 and older than 65, because of its scarcity, said Stojan Montenegro's eight-member refugee relief panel. "The rest of them are ex-

cluded from help. Each of the recipients gets a quart of cooking oil, less than 20 pounds (about 9 kilograms) of flour, 2 pounds (about 9 kilograms) of flour, 2 pounds of seans and 2 pounds of segar—all supposed to last for a month. "Some get milk powder, but only rarely," he said.

# Heads of 4 Captives

BRIEFLY

Found in Chechnya GROZNY, Russia — Chechen authorities found the severed heads of four kidnapped foreigners Tuesday near a remote village after a two-month search in the breakaway

region in southern Russia. An Associated Press reporter save the heads near the village of Assinovskaya, about 40 kilometers (25 miles) west of Grozny, the Chechen capital. They were identified as those of the four abducted foreigners by Umar Makhanri, a bodyguard who was with the four when they were taken away Oct. 3.

by gunmen in Grozny.

The hostages — the Britons Peter
Kennedy, Darren Hickey, and
Rudolf Petschi, and Stanley Shaw of New Zealand—were engineers working for a British telephone installing

#### 2 EU Leaders Call For Spending Curb

BONN - German and French leaders called in a letter made public Tuesday for a freeze on European Union spending levels and pro-

posed a new cap on its budget.
Chancellor Gerhard Schroeder of Germany and President Jacques Chirac of France also said they saw the eastward expansion of the bloc mended against discussing new membership at an upcoming summit in Vienna.

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The letter, addressed to the Austrian chancellor and current EU presidency-holder, Viktor Klima, proposed the EU curb expenses to make the expansion affordable. But it backed EU budget proposals that would allow an increase in the central budget limit to 1.27 percent of total gross national product from: 1.10 percent.

#### Talks on Ulster

LONDON — Prime Minister Tony Blair began fresh talks with Northern Ireland's key political players Tuesday, hoping to end a dispute over disarmament that has clouded a peace deal reached in April. Mr. Blair met with John Taylor, deputy head of the prot-estant Ulster Unionist Party, to try to advance plans for new political structures to which power will de-(Reuters) volve in February.

#### For the Record

 $(I_{ij}, ...,$ 

Russia has agreed to cooperate with NATO next year to work an correcting the "millennium bag," which will hit many computers at the start of 2000, a NATO source said Tuesday. The cooperation was sought by the United States, which fears that Russia might lose control of its nuclear weapons arsenal as a result of millennium computer

# Joy in France Over National Front Rift

PARIS -- French conservatives reacted gleefully on Tuesday to an internal struggle over leadership and strategy that has been tearing apart the far-right National Front, which is led by Jean-Marie Le Pen. But leaders of the mainstream right

also warned against appearing to interfere in the National Front's affairs, particularly when things seemed to be

going their way.

Don't shake the pinball machine while we're scoring points," Renaud Muselier, a deputy from the Gaullist party Rally for the Republic, told the daily Liberation.

'Le Pen wanted to divide us," said Philippe Douste-Blazy, parliamentary leader of the center-right Union for French Democracy. "Now, nine months later, we are stronger and they are in the

process of imploding."
Mr. Le Pen, in a bitter battle with his ambitious deputy and would-be heir. Bruno Megret, has purged the party leadership of Megret supporters and said Mr. Megret should leave the party if he

continued to disagree with his strategy.

Mr. Megret is to reveal his next steps

ters and son-in-law hold key party posts, while his wife, Jany, is ex-

on Wednesday.

The Front, which wants to ship millions of foreigners home and favors native French for jobs and social services, has been mired in squabbling for The party commands the electoral

support of about 15 percent of the voting public and has in the past often helped the left win elections by splitting the Without naming him, Mr. Le Pen has

said Mr. Megret's strategy of raising the Front's profile on the political scene by cooperating with mainstream conservative parties was not the path to follow. Mr. Le Pen rules out ideological and

political compromise, calling mainstream parties corrupt and traitors for backing the European Union. He argues that his voters back him

because of his ideas and his program and do not want the Front to become just another mainstream party. Mr. Le Pen appears to have a firm grip on the party's top leadership. His daugh-

pected to be near the top of the party's slate in June 1999 elections for the European Parliament.

Mr. Le Pen ordered the suspension from the party of two key Megret backers, including Serge Martinez, head of regional branches, after Mr. Martinez called for a special party congress without consult-

while supporters of Mr. Le Pen renewed pledges of loyalty, Mr. Mar-tinez on Tuesday called his expulsion a putsch and a witch-hunt. He re-newed his call for a congress to define the party's goals.

The dissidents are being denied party premises to make their statements. Mr. Martinez held a hastily arranged news conference in a hotel basement. Mr. Megret's announcement on Wednesday is to be made "at a place to be announced later."

Pierre Vial, a Megret backer who was one of those purged by Mr. Le Pen, insisted that his exclusion from the Front was "null



Jean-Yves le Gallou, who backs the rightist upstart Bruno Megret, speaking to reporters in Paris on Tuesday.

and void" because it flouted party rules. In an interview with the newspaper Progres de Lyon, he accused Mr. Le Pen of trying to turn the party into a private preserve. "If Le Pen sticks to his current position," he said, "I am afraid he is heading for disaster."

# A Cool Response to U.S. Strategy

By Craig R. Whitney

BRUSSELS — U.S. proposals for a broad new strategic concept for NATO to counter the global threat from chemical, raised questions nonetheless. nuclear and biological weapons got quizzical responses Tuesday from the European allies at a meeting of foreign ministers.

Many also resisted the United States' suggestions that the alliance could intervene course should not happen. in regional crises even when it did not have explicit authority from the United Nations.

Albright, said it was "hogwash" to suggest that new missions for the alliance, such as building up intelligence on weapons of the NATO area or devising strategies to deter attacks by them, contradicted NATO's original self-defense goals.

She was not suggesting, other officials said, that the North Atlantic Treaty Organizations extend its area of operations to Iraq or Iran, or take on the problem of North Korea's development of nuclear weapons. case basis. But, she agreed, "NATO will in "I made very clear." she said later, "that we all cases act in accordance with the prinare not trying to get NATO to go global." ciples of the United Nations Charter."

But the U.S. initiative on weapons of mass destruction, in the context of a new, self-assertive post-Cold War strategy for an alliance whose primary mission has always been the defense of its members' territory.

Foreign Minister Hubert Vedrine of France said that seeking a new unifying concept "would run the risk of diluting the alliance and dividing the allies, which of

The German foreign minister, Joschka Fischer, said it would be a mistake to make The U.S. secretary of state, Madeleine a rule out of the exception the allies made thus fall in Kosovo, when NATO threatened bombing to halt Serbian attacks against ethnic Albanian civilians in the province mass destruction held by countries outside even though the United Nations Security Council had not explicitly authorized military action. All alliance missions beyond self-de-

fense, France and Germany insisted, should fundamentally have Security Council approval. Mrs. Albright said the United States view was to address the issue on a case-by-



Javier Solana Madariaga, left, speaking with Robin Cook,

#### NATO: Follow U.S. Vision, Albright Urges Continued from Page 1

Joschka Fischer, the German foreign minister and a leader of the environmentalist Greens party, reaffirmed his call for NATO to alter its nuclear doctrine and consider pledging not to be first in

using nuclear weapons, as a way to stress its commitment to disarmament. While Mr. Fischer acknowledged that the United States, Britain and France -NATO's three nuclear powers - were staunchly opposed to his proposal, he said that "the debate is just starting." He said he hoped a review of nuclear policy would

be undertaken that reflects Europe's transformed strategic landscape. In contrast to differences over future challenges, the allies appeared united in advocating an enhanced European profile for NATO. The agreement last week by Britain and France to develop a joint defense capability within the European Union and reduce the Continent's dependence on the United States was applauded by all sicks.

the British foreign secretary. to mount any liuropean initiative that that might qualify.

might undermine NATO's primacy in defending the continent's security and alienate the United States. But under Prime Minister Tony Blair's Labour government, Britain has undergone a change of heart that has coincided with France's new willingness to develop a defense and security identity within NATO.

Mrs. Albright said the United States was "an enthusiastic supporter" of any measures that nurture "a more capable. European partner, with modern, flexible military forces capable of putting out fires in Europe's own backyard."

Besides celebrating NATO's first half-century and endorsing a future strategic mandate, the Washington summit conference in April will formally induct Poland, Hungary and the Czech Republic as the first new members from the

former East European Communist acc. American and European officials said NATO countries were still at odds over whether their "open door" policy of encouraging further rounds of enlarge-ment should cite prospective candidates In the past, Britain has been reluctant or specify a negotiating date for those

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Update on Pendency of Class Action NEW YORK, Dec. 2, 1998- The following statement was issued today

by the law firm of Abbey, Gardy & Squitteri, LLP: A class action was commenced on October 16, 1998, in the United States District Court for the District of Columbia on behalf of all purchasers of Baan Company N.V. (NASDAO BAANF) American Depository Recepts ("ADRs") between January 30, 1998 and October 12, 1998, inclusive (the "Class Period"). Purchasers of Baan ADRs should be aware that other class actions, including actions on behalf of those persons who purchased both non-ADR Baan shares and Baan ADRs as early as January 27, 1997 and continuing through October

2, 1998 have been commenced The complaint in the class action charges Baan Company and certain of its officers and directors, with violations of U.S. tederal securities laws Among other things, plaintiff claims that: (1) defendants issued a series of materially false and misleading statements regarding the company's financial condition and the success of its software products during the Class Period, and (2) defendants entered into non arm's length, rela party transactions in order to hide uncollectible receivables, to inflate Baan's revenues and earnings and to increase the market value of Baan's shares. Plaintiff alleges that she and other investors, because of delendants' conduct and misrepresentations, paid more for their Baars

ADRs then they were worth. If you purchased Baan shares during the period January 27, 1997 hrough October 12, 1998, you may, not later than December 15, 1998, move the court to serve as lead plaintiff of the class, if you so choose. In order to serve as lead plaintiff, nowever, you must meet certain legal requirements. If you wish to discuss this action, or have any questions concerning your rights or interests, please contact:

James Jay Seirmarco (JSeirmarco@a-g-s.com) or Stephen T. Rodd (SRodd@a-g-s.com), ABBEY, GARDY & SQUITIERI, LLP, (800) 889-3701 (toll free) or (212) 889-3700 Fax (212) 684-5191 USA

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## In Taipei, Not in Beijing

What a contrast. In China on Monday, authorities were scheduling the trial of Wang Youcai, whose "crime" consists of peacefully attempting to register a democratic political party. Across the Taiwan Strait, authorities were analyzing weekend elections in which 80 percent of Taiwan's eligible voters participated. Where, you might ask, are the true "Asian values?"

China's Communist dictators have made much of the notion that "Westem-style" democracy is alien to their culture. Chinese people are not ready for and do not want such bourgeois customs as multiparty elections, they say, President Jiang Zemin has even suggested that his hometown of Shang-hai is so big that democracy clearly couldn't work there. (Mr. Jiang, meet Mayor Rudolph Giuliani.)

If they were truly confident in their belief, you would expect the Chinese gerontocracy to shrug aside those who disagree. Instead they react with the fear of those who govern without legitimacy. Mr. Wang, who spent two years in prison for taking part in the 1989 prodemocracy protests at Tiananmen Square, is being charged with "inciting the overthrow of state power." Last week the regime put on trial (in secret, of course) computer entrepreneur Lin Hai, whose alleged crime was providing e-mail addresses to an Internet prodemocracy newsletter.

Taiwan, by contrast, is a hub of Asian e-commerce, prosperous as well as free. Its Saturday vote, for Parliament and municipal offices, was its ninth successful election since a multiparty system was legalized in 1986.

and peaceful. And the remarkable turnout suggests that there is nothing "Western." nothing particularly suited to one culture or another, in people's desire to have a say in their own governance.

The election results, as opposed to the process itself, were said to be reassuring to China's Communists, who regard Taiwan as a renegade province and bitterly oppose any stirrings to-ward independence. The ruling Nationalist Party handily defeated the opposition Democratic Progressive Party, which has been more outspoken in its calls for Taiwanese sovereignty. But the facts are not so simple. Few Taiwanese today favor an outright declaration of independence, but few favor unification with the mainland, either - at least not as long as China remains a dictatorship. In fact, a prounification party won less than 7 percent of the vote, while the Nationalists gained popularity for their firm stand

against Chinese bullying.
Its impressive achievement in democracy has not gained Taiwan as much support in the world as you might expect. President Bill Clinton, in his eagerness to woo China's leaders, took the occasion of his trip to China last summer to slap down Taiwan's ambitions to play a larger role in the world. That kind of message discourages many Taiwanese, but it has not knocked them from their democracy-building path. China's dictators threaten Taiwan with missiles. Taiwan threatens China's dictators by example.

— THE WASHINGTON POST.

## A Populist in Venezuela

Few politicians get a second bite at will require budget cuts, but he can use power as quickly as Hugo Chávez, who won Sunday's presidential election in Venezuela. Six years ago he led a military coup. It failed, but his messianic assault on the establishment captured the imagination of the poor. His speeches today are more conciliatory, but he still frightens Venezuela's elite and makes Washington nervous about the future of a country that is now the

United States' primary source of oil.

Mr. Chávez could become a populist despot, or he could use his mandate to make long-needed changes while respecting the rule of law. Washington and Venezuela's opposition should work with him to encourage a democratic approach.

Venezuela's two main parties. which have traded power for 40 years, have squandered the country's wealth. Even when its oil was at \$16 a barrel. /enezuela borrowed. Today its oil is at half that price, and dropping. Interest on Venezuela's foreign debt takes 40 percent of the budget, and 70 percent of its people live in poverty.

Mr. Chávez's campaign program, which contained wildly contradictory ideas, was a spending fantasy. Reality

them to produce long-term change. He is right to propose renegotiating the country's debt, and cracking down on tax evasion. He seems less interested in the most important change, bureaucratic reform. The government pays nearly 2 million people but does not provide decent education, health care, transportation or justice. He must refocus the bureaucracy to serve the poor.

He promised a referendum on a constitutional assembly that would dis-solve Congress, which he does not control, and write a new constitution. The idea is popular with Venezuelans, who want a fresh start. But it could also allow Mr. Chávez to close Congress and write himself dictatorial powers.

Washington should make clear that it will help Mr. Chavez if he respects Venezuelans' rights and the rule of law. The traditional parties must also defend Venezuelan democracy, which has shut out ordinary citizens but has deterred the widespread political violence that has racked neighboring nations. The solution is to deepen democracy, Venezuela's most important achievement of the last 40 years.

- THE NEW YORK TIMES.

## **Tactics of Delay**

Between them, the White House and the House Judiciary Committee seem determined to have a constitutional collision. An act of leadership by the designated speaker, Bob Livingston, could avoid the impending crisis, but he does not appear to have the stuff for it. The other way to avoid it would be for Bill Clinton to start behaving like a president instead of a criminal defendant. We are not full of hope.

Mr. Clinton's apparent plan for presenting his defense is to have his lawyers drape his shabby conduct and cover-up lies in the same threadbare legalisms we have seen before. At least 14 witnesses and the White House lawyers to whom he has delegated the shaping of his legacy will argue that his misdemeanors are too low and common to warrant impeachment. They will also argue that his lying under oath fails to rise to the level of perjury. It is just regular lying that happened to take

place after he gave his solemn oath. Perhaps we should not be surprised. This president, after all, quibbled with the committee's assertion that he is the nation's chief law enforcement officer. But even if he will not admit to that, why would he prefer the indignity of impeachment to a censure deal that would salvage for him the small measure of honor inherent in an unhedged

admission of wrongdoing? His failure to take the lead in seeking a censure deal can be excused but not

satisfactorily explained by his fear of a perjury indictment. The Democratic leadership and a handful of Republican moderates have repeatedly signaled a willingness to search for a way to limit his legal exposure in return for a public admission that he lied under oath. But we have a White House legal team that in the absence of strong presidential leadership is conducting a shifting, situational defense that plays into the impeachment machinations of Tom DeLay, the Republican whip.

It is possible to believe, as we do, that the evidence so far does not warrant impeachment and still see Mr. Clinton's approach as making the worst of a bad situation. The charges from Kenneth Starr, the independent counsel, are not going away. The written answers that Mr. Clinton filed to the Judiciary Committee's 81 questions inflamed the hard-liners and alienated the Republican moderates he will need to defeat an impeachment vote in the full House. The public interest still demands a forceful entry in the historic record censuring him and recording his admission of failing in his constitutional duty to the rule of law.

So far the leadership that would get the nation to that goal is missing both in Congress and in a White House where the president seems committed to the tactics of delay while his reputation is shredded to the last scraps.

**—THE NEW YORK TIMES** 

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# Bread and Ballots: Human Rights Aren't Divisible

GENEVA — This Thursday we commemorate the adoption in 1948 of the Universal Declaration of Human Rights, an unprecedented commitment by nations around the world to defend human dignity and freedom. Half a century later, much still needs to be done. but at no other time have there been as many opportunities to make human

rights a reality for so many people.

The reasons for guarded optimism are several: Many more people are aware of their rights, and so can claim them; the number of democracies is larger than ever before; access to education and health care is growing; the body of international law on human rights is ever more solid.

This anniversary year has been marked in two appropriate and pragmatic ways: by a declaration on human rights defenders, and by the statute for an international criminal court. Almost 10 years after the end of the Cold War, there is also near universal agreement on just what human rights are. I say "near universal" because there are still people who, in a throwback to

the language of the Cold War, claim

that economic, social and cultural

rights are not really rights at all, but

By Mary Robinson

The writer is United Nations high commissioner for human rights.

Some commentators see economic. social and cultural rights as new rights, or as some sort of smoke screen for violations of civil and political rights. In fact, there is nothing innovative about economic, social and cultural rights. They are long-standing, fundamental and internationally guaranteed obligations of states.

Remember how essential to human dignity, and often to life itself, are clean water, food and basic health care.

Some will argue that defending the right to education or the right to work "waters down" the fight for freedom of expression or due process. But the promotion of human rights is not divisible. Defending one right does not take away from promoting another. The UN committees that monitor how each sets of rights is applied are equally vigorous in their work. As Ambassador Thomas Hammarberg of Sweden, a longtime human rights defender, has put it, "There are more instruments in the orchestra than the trumpet, and they mere goals that we should aspire to. can all be played at the same time."

It is also claimed that countries can legitimately plead lack of resources to escape their obligations to respect economic, social and cultural rights. This is not true. The Covenant on Economic, Social and Cultural Rights clearly says that each country must take steps to the maximum of its available resources with a view to achieving these rights progressively. All countries can act to realize economic, social and cultural rights; the excuse of lack of means to do

so is just not available to them. Nor is there a similar excuse at the international level, where debt relief and the policies of the IMF and the World Bank are so crucial to the capacity of countries to realize these rights.

During the Cold War, terms like democracy," "development" and "human rights" provided fodder for ideological assaults across the East-West, North-South divides, but today the international community has for the most part put the old paradigms and the divisive rhetoric to rest. Thanks to 50 years of standard-setting, negotiation, refinement and interpretation, these much abused terms now carry with them an agreed, legally established and irrefurable definition, as codified in the

As we approach the new millen-nium, we must be very mindful of our responsibility to work together in restoring the symmetry of human rights discourse. We must finally put aside the tired notion that some rights are somehow more fundamental than others.

The framework for human rights protection, from this point forward, must be based upon the logic agreed upon by all countries that took part in the 1933 World Conference on Human Rights: "All human rights are universal, indivisible, interdependent and interrelated. The international community must treat human rights globally, and in a fair manner, on the same footing, and with the same emphasis.

The time for mere talk about human

rights is long past. The iron test for us is implementation. Our challenge is to come up with integrated strategies for the promotion and realization of all civil, cultural, economic, social and political rights, including the right to development. A life worth living includes edu-

carion, culture and the right to vote.

To paraphrase President Nelson
Mandela of South Africa, no one should ever be forced to choose between bread and the ballot.

## Britain Should Deliver Pinochet to Due Legal Process in Spain

WASHINGTON — The Law Lords' decision on Nov. 23 ending Augusto Pinochet's immunity from arrest as a former chief of state vindicated international law and created global legal precedent

for generations to come. The ruling relied on British statutes implementing the 1984 torture convention and the 1970 convention on hostage-taking, among others, in order to extend extraterritorial jurisdiction to crimes committed in his own country by a brutal Latin American dictator.

The initial legal question, the validity of General Pinochet's arrest and detention, is settled. The next step, his extradition to Spain, where he is wanted for questioning and perhaps ultimate trial for the torture, murder and "disappearance" of Spanish citizens and those of other countries, would ordinarily be a routine matter.

Ónce prima facie evidence of the allegations has been shown, recent European Union conventions and statutes have simplified and expedited the extradition of criminal suspects. The British home secretary, Jack Straw, has wide discretion to comply with an

By Charles Maechling Jr. extradition request or refuse it.

He has until Friday to make a Powerful if unspoken forces are putting political pressure

on the British and Spanish governments somehow to get rid of this hot potato even at the cost of compromising the most elementary standards of human decency. But any exit strategy has to recognize the rising tide of international outrage that opposes any attempt to help General Pinochet evade

his just deserts.

The normal choice in cases of this sort is for the detaining country to try the accused itself or extradite him to the country having primary jurisdiction. But in the Pinochet case, Britain is merely the stakeholder; other nations also have jurisdiction or are asserting it -Chile, where the crimes took place, and Spain and other European countries whose cit-

izens were the victims. When two Chilean generals were cashiered and sentenced to prison for hiring renegade Cuban exiles to blow up former Chilean Ambassador Orlando Letellier and his

American secretary in central Washington, Chile was forced under immense American pressure to try and sentence the generals itself. This solution would not be satisfactory for.

several reasons. Underlying the home sec-retary's private deliberations he quite properly will take only written briefs and refuses to discuss the case with anyone - must be regard for Britain's future in the European Union. Will the Blair government al-low the extradition process to proceed unhindered? Or will it reinforce recurring doubts about Britain's commitment to European unity by subordin-ating treaty and other obligations to Europe in favor of a synthetic friendship with

but hardly an ally? There is of course a legal solution which, as between European or North American demôcracies, would provide a political exit — return General Pinochet to Chile to face trial at home. But Chile is not a typical Western democracy.

Chile, an investment partner

Under the veneer of elections, free market prosperity

values, a timid civilian govif its exemption from civilian control is threatened. Chile's 1978 constitution

and amnesty legislation, craf-ted by General Pinochet him-self, entitle him to be tried by a military court and make conviction impossible.

Sending him home would please neither the families of his victims nor European public opinion. And it could throw Chile into turmoil.

Throughout the versy, the United States, anxious not to revive its shady record in the Chilean past, has tried to keep a low profile.

While vocally upholding human rights, U.S. policy has always been to promote "stability" in Latin America, regardless of the barbarity of security forces or the artificiality of democratic forms. William Bundy, in his book on Nixon-Kissinger foreign policy ("The Tangled Web"), has

cited chapter and verse on how Richard Nixon and Henry Kissinger tried to get the CIA to destabilize the legally elected

and nouveau riche consumer administration of Salvador Allende. Classified U.S. docuernment pays obsequious de-ments cited by Mr. Bundy and ference to a uniformed practor- now being released to the ian guard that is ready to strike Spanish prosecutors reveal details of the infamous operation in which CIA agents in Chile collaborated with General Pinochet's secret police in exterminating the opposition.

A prominent Chicago-school economist, Milton Priedman, provided on-site economic guidance to the Pinochet regime during the worst years of the repression. He and fellow neoconservatives to this day consider his free market policies in Chile well worth the human sacrifice. Needless to say, their own kind were not specific targets.

In this tangled web, Britain and Spain would do well to let the judicial process run its course. Even if General Pinochet is eventually freed, the Law Lords' decision, stripping political leaders of sovereign immunity, is an outstanding victory for human rights.

The writer, an international lawyer and former State Department adviser, contributed this comment to the International Herald Tribune.

# The Place for Iran Is on the American Side Against Iraq Ra(1181 01

L ONDON - In the eight-year war that followed Sadin 1980, Iran suffered 750,000 casualties and endured savage trench warfare, chemical and cities and sacred mosques. The Iranian people not only despise Saddam, they have the will to

stand up to him. The key to enlisting Tehran in the fight against him is in Washington. By encouraging those Iranians who want to modernize the economy and moderate the society, the United States could go a long

way toward containing Iraq.

dam Hussein's invasion of Iran cop, good-bad cop triumvirate, banking, commercial and ingas attacks, and bombings of its and the chairman of the Excludes the extremists. But these leaders face enor-

nothing like helping the Iran etched in the memory of many Americans during the 444 day hostage crisis almost two decades ago. Today pragmatism, not ideology, drives the post-

consisting of President Mo-hammed Khatami, Supreme Leader Sayed Ali Khamenei pediency Council, Hashemi Rafsanjani. This alliance ex-

mous problems.

Helping the Iran of today is

NEW HAVEN, Connecti-cut—House Republicans

are eager to pass impeachment

along to the Senate, clearing

the decks for a fresh start when

a new House convenes under a

new speaker on Jan. 3. But

they have not reckoned with

shop, its unfinished business

dies with it. A bill passed by

the House but still pending in

the Senate on Jan. 3 cannot be

adopted unless approved by

erwise lame duck Congresses

would have a field day in situ-

ations like the current one.

has had a setback on election

day: they would pass lots of

controversial legislation on to

the Senate, in defiance of the

It often happened in the first

150 years of the Republic. This

might have been acceptable in

were terrible and it took time

for farmer-representatives to

arrange their business affairs.

But eventually the violation of

democratic principles became

intolerable, and the long large

voters' judgment.

This is as it should be. Oth-

the 106th House as well.

When the 105th closes up

the U.S. Constitution.

Khomeini Islamic Republic. It is ruled by a good cop, bad

Mr. Khatami has called lran's economy "sick." Inflation and unemployment are rampant. Fewer than 100,000 of the more than 750,000 new jobs needed each year are created.

Lame Ducks Shouldn't Impeach

By Bruce Ackerman

abolished in 1933 by the 20th

House has impeached a federal

judge, much less a sitting pres-

ident. The present proceeding

is an unprecedented effort at

vote a bill of impeachment

now, but what no one seems to

be considering is whether that measure would die along with

all other unfinished business

It will not be up to Senate

leaders to make that determi-

the chief justice as the presid-

ing officer of all presidential

Chief Justice William Rehn-

quist is well versed on im-

peachment; he has written a

book on the subject. He will be

in a position to grasp the dam-

ment would do to democratic

principles. It is impossible to

say how he will rule. It would

be far better for the country if

the new House spared him this

test and put the bill of impeach-

impeachment trials,

once the 105th is history.

where the old House majority nation. The constitution names

the 18th century, when roads age that lame duck impeach-

duck Congresses were finally mem up for a second vote.

The House has the power to

lame duck impeachment.

Since then, no lame duck

Amendment.

Most of the large enterprises are controlled by state or para-state revolutionary foundations, or bonyads, which, despite efforts to rein them in, remain a powerful force. The Foundation for the Deprived and War Veterans, which took over all the assets of the shah and his family, now mismanages some 400

By Stanley A. Weiss

dustrial enterprises. The Revolutionary Guard has increasingly become involved in business dealings, as the prime contractor for railways, pipelines and factories.

The only real economic leverage that President Khatami has is his control of oil, which accounts for three-quarters of the country's foreign exchange but whose price has fallen

through the floor. iran's major economic advantage is the strong entrepreneurial spirit among its large merchant class. The current budget proposes privatizing most state-controlled-enterprises, including many of the bonyads. Business leaders like A.N.S. Khamooshi, head of Iran's Chamber of Commerce, will be central to privatization efforts and to convincing voters

Even if the new House declines to confront the issue di-

rectly, it will not be able to

escape rendering its opinion. It

must select a group of its

members, called impeachment

managers, to present its case

against the president before the Senate. Without the en-

ergetic prosecution of the case

by these managers, the Senate

Only the new House can

One way or another, the im-

peachment issue will confront

the new House, whose views

will more fairly embody the

current state of public opinion.

This point should lead to re-

appraisal by the current lead-

ership. It may be embarrassing

to reverse gears at this late

date. But it would be far more

embarrassing to deal with the aftermath of a lame duck im-

peachment once it becomes

evident that the new House

The writer is a law profes-

sor at Yale and author of "We

the People: Transformations,

He contributed this comment

to The New York Times.

does not support it.

select the managers. It could

stop the impeachment process

by refusing to name any.

trial cannot go forward.

that the pragmatists can create real economic benefits.

Local elections next Februy and parliamentary elections in May 2000 will determine the future. The key to these elections is Iran's young people.

Sixty-five percent of the population is under age 25. Most were not even born when the shah was driven from power, and few remember the late Ayatollah Ruhollah Khomeini. A young man told me when I visited this year that he wants to go dancing, hold hands with his girlfriend and watch movies in public. Like teenagers everywhere, he and his friends see "Made in the USA"

as a status symbol. Those who shout the "Death to America" slogans are wearing Michael Jordan T-shirts. They have access to books, newspapers, magazines and other information on the Internet. In the Middle East, only Israel and Turkey have a greater addiction

to spending time on-line. Washington should not be duped by the recent acts of extremists who view the opening up of Iran with alarm. Desperate men take desperate measures. The assassination of opposition leader Dariush Forouhar and the attack by Islamic militants on a bus carrying a group of Americans will not impede the

of law and democracy. Only the United States can do that.

America must recognize that changes in Iran offer new opportunities to reduce the tensions in a region vital to its interests. It is time for Washington to end its efforts to isolate and contain Iran.

President Bill Clinton should reach out to Iran's conservative spiritual leader as well as to its liberal president; he should ask the United Nations to invite the Iranians to join in a regional conference to discuss the future of Iraq; he should lift the trade embargo, and Congress should repeal economic sanctions that hurt U.S. companies and alien-

ate America's friends. The first time a large American energy company invests in Iran, other investors are sure to follow. And the United States should assist Iran in its efforts to control the \$7 billion narcotics trade from Afghanistan.

An economically strong and respected Iran would not rul-be good for the Irania i would help contain Iraq.

The writer is founder and chairman of Business Executives for National Security, an organization of U.S. business leaders. He contributed this comment to the International slow movement toward the rule Herald Tribune.

# IN OUR PAGES: 100, 75 AND 50 YEARS AG

1898: Cancasus Tales

PARIS — Tales of brigandage in the Caucasus are frequent in the Russian press. Not that the Government has neglected to make efforts to remedy the evil. But the scourge has steadily increased. No one dare give any information about the robbers under penalty of death. The Cossacks sent to scour the country are thus quite helpless, for the mountain fastnesses with which the outlaws are thoroughly familiar effectively screen them from their pursuers. Another obstacle is the collusion obtaining between the lower native

officials and the miscreants. 1923: Jewels and All

LONDON - Eight women, three Conservatives, three Laborites, all unmarried, and two Liberals, will take seats in the

Lady Terrington and Mrs. Wintringham are elected Liberals. The former's campaign was enlivened by the publication of a declaration attributed to her that if she were elected she would wear her best clothes and jewels in the House of Commons as she considered it a 'humbug'' for women members to appear there in quakerish garb while saving their best clothes for private life.

new Parliament assembles: tional writer who died in 1930.

# is not the o

and the second

A Person

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Section of



#### 1948: No Holiday Card PRAGUE - There will be no Christmas cards in Czechoslo-

vakia this year if Vaclay Kopecky, Minister of Information, has his way. The Communist Cabinet has agreed to his suggestion that the public should forget about spending money for greeting cards. Instead, he said. the public should contribute to a fund to publish the writings of House of Commons when the Alois Jirasek, a prominent na-

### *OPINION/LETTERS*

# An Early Handicapping At Dinner, Russians Find

By E. J. Dionne Jr.

WASHINGTON — Perhaps does have now will become Mr. MOSCOW—They sell bread where subway vendors hawk you will not regard this as Clinton's ideas.

Mon the streets in Russia, cases of Pringles to a population whose principal source of protein good news: The American presidential campaign for 2000 began here on Dec. 2. That may seem a bit early. But it is a relief to have a group of politicians looking shead rather than backward in a city obsessed with impeachment.

The first skirmish broke out at a conference of the Democratic Leadership Council, the centrist group that gave Bill Climton a big push forward in the early 1990s. Clues about how the players are approaching the 2000 melee were approaching the 2000 melee were scancred all over the meeting.

Democrats assume that Repubricans learned from the 1998 elections, and they think that Gov-emor George W. Bush of Texas is the fastest learner.

Al Gore took a swipe at Mr. Bush (without naming him) by attacking Mr. Bush's adopted doctrine, "compassionate conservatism." First Mr. Gore noted that the mantras of compassionate conservatism — "opportunity" and "responsibility" — were stolen outright from Clinton-style Democrais. Then he suggested that there is a difference between the "right"

language" and the right policies. The idea of compassionate conservatism is a big concession by Republicans. Their use of the adjective "compassionate" sug-gests that they have concluded that the conservatism they have placticed so far seems to lack compassion to too many voters. But the flip side is also true. If

post-Gingrich Republicans master the new language and find policies. to back it up, they will offer the Democrats a smaller target. Thus Mr. Gore's preemptive strike.

Mr. Gore has good themes for 2000, but is short on uplift and specifics. He combines old Democratic standards - Social Security, education, toughness against guns and the gun lobby — with a new emphasis on the dangers of sub-urban sprawl and the need to ease the conflicts between work and

But his delivery did not exactly burn down the house. His role as vice president means that he canthe administration is unwilling to speeches. support, and any good ideas he

Education...is the foundation of a free and fulfilled life. It is the right of all children

State of the World's Children 1999 report

-trom UNICEPs

be the unifying figure in the party. side kiosks identified by signs occupying as much ground as posproclaiming a single beloved sible. That means, in the famous word of the last vice president to become president, "prudence." Mr. Gore, it seems, is haunted by two people named George Bush.

Bob Kerrey knows that imprudence is his ticket to contenstantive as well as political problems, but leave that for another day. As one Democrat at the meeting noted, Mr. Kerrey played Gary Hart to Mr. Gore's Waiter Mondale. He meant it as a compliment. The Hart of 1984 proposed "new ideas for a new generation," cast the front-ninning Mr. Mondale as an excessively cautious party wheelhorse, and came close to winning the nom-

Mr. Kerrey also upped the pressure on former Senator Bill Brad-ley of New Jersey, who would occupy philosophical space similar to Mr. Kerrey's. Mr. Bradley knows he has to move, and on Friday he announced the formation of a presidential exploratory committée.

Watch for two simultaneous battles: a three-way fight in-volving Mr. Gore, Mr. Kerrey and Mr. Bradley, and a two-way skir-mish between Mr. Bradley and Mr. Kerrev.

Watch Dick Genhardt, the House Democratic leader, and John Kerry throw new ideas into the pot. Mr. Gephardt's form of Reject Pr prudence would be to stay in the (Dec. 7): House, hope that the Democrats win in 2000, and become speaker. Bet on his doing that. But his speech on tax reform suggested that Democrats can dispute Republicans on their favorite issue is still progressive and cuts taxes on people in the middle.

Senator Kerry of Massachusetts is a long shot for president, but he is challenging Democrats to link their education spending not put forward many new proposals to more aggressive policies of his own. As Mr. Gore's school reform. Count on both the friends note, he is temporarily in a vice president and the Texas govbox: He cannot propose ideas that ernor to go to school on his

The Washington Post.

By Michael Wines

In addition, Mr. Gore wants to from the windows of little roadproclaiming a single beloved word bread. White bread, black bread, delicious Georgian bread laced with cheese, braided loaves and loaves baked in the shape of big brown domes, and much

The average Russian's con-sumption of baked goods rose 5

percent from 1990 to 1995. In 1996 he are 65 kilograms (143 pounds) of bread. Russians even

to eat less bread? The answer says a lot about the state of Russia and its people. What it says most is "chaos." And not just bread, either. The entire Russian diet is lurching through a perestroika that mirrors the bust-and-boom, future-versus-past nature of the

Like the country itself. Russian cuisine is a messy scene. Russia today is a society caught somewhere between tiny torts exquis-itely topped with kiwi and a predominant national dessert, the

whose principal source of protein is real potatoes, lifted fresh from the ground.

Russia wavers today between Tyson chicken, the pricey pinnacle of frozen fowl displayed in better markets, and the plate of hot sausage of indeterminate origin that was free when Leonid Brezhnev was in charge. At the moment, sausage, boiled potato and fried apple are in the ascendancy. Na-tionalism may be part of it; Rus-sians are bridling at Western in-fluence over their culture and sovereignty.

But to the experts, the over-

whelming factor is money. Russia and Russians are broke, and prices are rising. The ruble lost two-thirds of its value in a single week in August. Bread costs more - 10 percent of the average Russian's food bill, compared to 4 percent just a few years ago. It is enough to make some Russians long for Mr. Brezhnev's steady socialist hand on the tiller, at least until they remember the iron grip that came with it.

"The difference between today and the "80s." said Alexander Baturin, deputy director of the Institute of Nutrition at the Russian

empty, but people who could buy a bit of fish were satisfied. It was enough. Today you can find almost everything in every store. The question is whether people can afford it."

A relative few can, in prosperous Moscow, two Westernstyle supermarkets stocking both Russian and European brands pened last month alone.

But Muscovites are less than 10 percent of Russians. The rest of the country briefly flirted with low-fat milk and skinned chicken breasts and Ugli fruit, now found Academy of Medical Sciences, breasts and Ugli fruit, now found is that then the shelves were even in parts of Siberia. But the

sian cuisine, the food that saw it Mr. Brezhnev and Mikhail Gorbachev and, now, the lean years of Boris Yeltsin.

This means fatty fried meats, fried potatoes, fried apples, pancakes, cabbage soup topped with mayonnaise, fermented cabbage, butter and dense black bread. And tea. Without milk, but perhaps

with a little jam.
To a lot of Western palates, this tastes, well, heavy and greasy. Heavy and greasy is the norm in a climate better suited to reindeer than humans.

elorious onion-and-hamburgerfilled pancakes, or blinis: tasty vinaigrene salads of cabbage and carrots and oil: a good borscht. The key word here is sometimes. The downside of Russian cuisine is that it is not especially healthy; three daily helpings of sausage is bad for the heart. Three daily helpings of potatoes and bread can lead to obesity, and half of all Russian adults are overweight.

Virtually every Russian suffers from vitamin deficiency. Among Russian children, half of whom do not regularly drink milk, the shortage of B vitamins, which promote bone growth, is catastrophic, Mr. Baturin says.

'Our way of life is a violation of the norms from the very beginning," said Yuna Popova, an administrator at the government's leading center for treating foodrelated disorders.

ate better when the Kremlin played mama, ordering its sub-

them or go hungry. But turning the Russian diet over to the market has been a mixed bag.

There is, for instance, the free, hot lunch. Under Soviet rule, virtually every factory and office worker got one, either free or nearly so, as part of the state's cradle-to-grave package of social benefits. In modern Russia, there is no such thing as a free lunch -- and many people simply do not eat as a result. Most Russians eat twice a day - morning and late evening.

Miss Popova said.

Skipping a meal could be seen Sometimes greasy is good: as a good thing. A few years ago. the average Russian packed away 3.000 calories a day by some measures, a quarter more than is recommended. And the caloric intake has dropped during the 1990s. Mr. Baturin's institute periodically asks thousands of Russians about their eating habits. and some conclusions are disturbing. Fruit consumption dropped one-third from 1990 to 1995; meat, one-quarter; vegetables, a fifth. Fish consumption was halved.

On the one hand, less meat means less fat - and some Russian doctors point to that to explain a slow decline in heart ailments that began in 1994. But it also has immediately led to an increase in iron deficiencies among women; a third of pregnant women lack enough iron. The decline in fruit consumption now means that 20 percent of Russians are critically low in vitamin C -- so low that they risk

The New York Times

# Of the Race in 2000 That the Times Are Lean

#### **MEANWHILE**

have a saying: "Bread is the be-ginning of everything."

So why have they begun lately

nation's economy and mentality.

deep-fried apple. It is a place



اهري الأصل

#### LETTERS TO THE EDITOR

Mr. Chen did emphasize the

#### **Elections in Taiwan**

Regarding "Voters in Tolwan Reject Pro-Independence Party"

Analysis of the election results shows that the relative strength of the democratic opposition has remained virtually the same: The that Democrats can dispute Republicans on their favorite issue two smaller pro-independence
by offering a simpler tax code that parties garnered 33 percent of the vote, equal to what it was in 1995. The Knomintang also stayed at virtually the same level of support:

slightly over 46 percent. A referendum in Tainan showed broad support for independence: 78 percent of the voters said they did not want to be ruled by China. Isn't this independence?

In the article, John Pomfret makes it appear as if the campaign for mayor of Taipei by the in-

Taiwanese identity, but has worked hard to reach out to the mainlander community. MEI-CHIN CHEN.

Chevy Chase. Maryland.

#### Holocaust and Money

Regarding "Holocaust and Money Don't Mix" by Charles Krauthammer (Opinion, Dec. 5): When parents set aside wealth for their children or a cherished artwork becomes the only family memory, it does not seem unreasonable to have these assets handed

requested. It has nothing to do with honoring the Holocaust." Had the guilty parties admitted

over to the rightful owners when

#### Is Bush at Risk?

cumbent, Chen Shui-bian, was liability without waiting 50 years,

based on ethnicity and that of his the lawyers and process to which

opponent, Ma Ying-jeou, was not. your author so strongly objects

In response to the scheduled execution in Texas of a Canadian: Could the recent decision by the Law Lords in the Pinochet

would not have been required.

CLIVE NATHAN.

Lindau, Germany.

case open the governor of Texas to civil or criminal legal action in Canada? The principle seems to be that official acts in violation of the law are not covered by sovereign immunity. Perhaps Governor Bush should limit his travels to the 50 states until this new legal doctrine becomes more settled.

LUCIAN C. MARTINEZ.

#### This is not to say that Russians getting rickets.

# The teacher of this class is not the only teacher in this class.



You look at a child, and perhaps you wonder. Could this be a gifted leader of tomorrow? The truth is, this child could be a gifted

leader of today. According to UNICEF, some of the greatest beneficiaries of a proper education are not just the students themselves, but their families, their communities, and society at large.

In developing countries of the world, this can be a matter of life and death. Because, with a proper education, children can help protect their compatriots from all kinds of difficulties such as unsafe hygienic practices that lead to illness, as well as from ignorance and prejudices that lead to intolerance and conflict.

Yet, while the quantity of schools has gradually increased, the quality of their schooling has not. Many children are still not acquiring essential skills and knowledge. Inhibiting the transfer of knowledge from students to their communities. And making even more urgent the efforts of UNICEF, governments, donors, NGOs, and local authorities to ensure that all children receive a proper education.

As a company that believes in living and working together for the common good, we at Canon commend those efforts.

As a company that leads today's world in imaging technology for multimedia, we appreciate the power of learning. Because, through learning, we are able to develop new technologies which help other people lead more enriched lives.

That is why we hope all people will uphold the right of children to receive an education which will give them the skills they need to continue learning throughout life.

And to continue teaching throughout life. The children of today. The promise of tomorrow.

### Children on the stage of life.

A message from violinist Maxim Vengerou, UNICEF's Envoy for Music.



in my travels through the world of music, performing on stages from Tokyo to Budapest, I have learned that, to create a successful performance, a trio of elements is required: a violinist who controls the sound, a violin that can emit the sound, and the bow that draws the sound from the instrument. All three are equally important.

In my travels through the world of UNICEF, meeting and teaching children from East Harlem to Sarajevo, I have learned that, to help a child succeed as a learner, a trio of elements is also required: a curriculum that guides learning, a child who can absorb the learning, and the teacher who inspires the child to accomplish.

And, in the case of learning, all three are not just important to the success of our children's performance. They are vital to the survival of our

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# INTERNATIONAL

# Nigeria Vote Gives Democracy a Lift

By James Rupert Washington Post Service

LIBREVILLE. Gabon - The high turnout in local elections last weekend in Nigeria augurs well for the country's effort to end years of military rule and is important in bolstering efforts throughout West Africa to democratize.

according to African analysts.
While Nigeria's election commission has not released overall figures on voter turnout, the long lines at polling stations throughout Africa's most populous country underscored the people's enthusiasm for the return to civilian government being led by the head of state.
General Abdulsalami Abubakar.
Throughout the region, including Ga-

bon, which held its own elections last weekend. Africans have been closely following the Nigerian evolution.

As results accumulate from the voting Saturday for Nigeria's local government councils, it appears that state and national elections to be held in the next 12 weeks will be contested by three parties \_ two broad coalitions and a narrower. but powerful, party based mainly in the southwest and representing the aspira-tions of the Yorubas, one of Nigeria's

three largest ethnic groups.

African advocates of democracy ap-

plauded the vote. Emeka Anyaoku, a Nigerian who serves as secretary-general of the London-based Commonwealth, said he congratulated the Nigerian election commission for the successful conduct of this first phase of the electoral program, which bodes well for the elections still to come."

The Commonwealth, an association of current and former components of the British Empire, took the lead in isolating Nigeria under the former military regime of General Sani Abacha, who died

With about 80 percent of the local races tallied, the People's Democratic Party, a broad alliance of prominent political leaders from various regions, had won control of about 60 percent of the Nigerian councils, Reuters reported.

A more conservative broad coalition, the All Peoples' Party, had won about 25 percent, and the Alliance for Democracy
— the Yoruba-dominated group — was in third place. Six other parties trailed and are unlikely to show enough of a nationwide base to qualify for the state and national elections under electoral rules.

While the voting was largely calm. violent clashes in and around the economically depressed Niger River delta killed a dozen or more people, news agencies reported.

Minority groups in the delta have pur-sued increasingly desperate and violent campaigns throughout the decade for a greater share of power and the revenues from oil fields beneath their lands.

The showing by the People's Demo-cratic Party will strengthen the perception that its most prominent political figure, the former military ruler Olusegun Obasanjo, is the front-runner in the presidential race. General Obasanjo is a Yoruba, but he gets limited support from members of his own ethnic group. many of whom see him as lukewarm in the pursuit of the Yorubas' political

General Obasanjo faces a challenge for the party's nomination, notably from a powerful leader of the ethnic Ibo community. Alex Ekwueme. Mr. Ekwueme was vice president of Nigeria's last civilian government, which ruled from 1979 to 1983.

Nigeria's elections and the emerging political lineup reflect broad demands for decentralization and redistribution of the power that for years has been concentrated in the hands of ruling military officers. In a country where the military has reneged on many promises to hand back power to civilians, the election was the strongest sign so far that General Abubakar's transition will take place.

What is happening in Nigeria is



General Abubakar, the leader of Nigeria's return to civilian rul

very good for the entire region." said Sadikou Alao. a lawyer from Benin who heads a West African democracy lobby known by its French-language ac-ronym, Gerddes.

#### BRIEFLY

#### Iranian Publisher Acquitted of Libel

TEHRAN - An Iranian court has acquitted a leading moderate newspaper publisher of almost all charges of libeling the police, the paper re-

The daily, published by the daughter of former President Hashemi Rafsanjani, is among those under pres-sure from hard-liners trying to stem President Mohammed Khatami's liberal reforms. Called Zan (Woman), it had accused a top security official of being nearby when two members of

Mr. Khatami's cabinet were beaten.
The court did find Faezeh
Hashemi, who is also a member of
Parliament, guilty of the minor charge of insulting the police intelligence department, but said she deserved a lighter sentence, the newspaper said. The court will pass sentence at a later date. (Reuters)

# Libyan Congress Meets on Lockerbie

TUNIS - The General People's Congress, the legislative and executive body that will formally endorse

any Libyan decision on the Lockerbie issue, began a meeting Tuesday that is expected to last several days. After refusing to hand over two

alleged intelligence agents to Britain or the United States. Libya won agreement earlier this year for a trial before Scottish judges on neutral Dutch territory, but it remains at odds with Washington and London over where the men would be jailed it

found guilty.

Zinati Muhammad Zinati, chairman of the Congress, announced that the assembly had invited Colonel Moammar Gadhafi, the Libyan leader, to attend the meeting, but that he did not show up.

#### Colombia President Cheered in Mexico

MEXICO CITY - The president of Colombia has told Mexican lawmakers that only economic reform would eradicate their countries widespread poverty, drug smuggling and guerrilla warfare.

Employment is the new name for President Andres Pastrana peace. President Andres Pastrana said Monday in a speech before the Mexican Senate that prompted a rare standing ovation. Mr. Pastrana is on a four-day visit to Mexico. (AP)

#### **BOOKS**

#### THE RUM DIARY

By Hunter S. Thompson, 204 pages \$24. Simon & Schuster. Reviewed by

Jonathan Yardley WRITTEN more than three decades ago, this slender but quite engaging novel is Hunter Thompson's 11th book and his only work of fiction.

Usually literary apprentice work or juvenilia should be allowed to rest in the file cabinets to which its authors entrust it, but this is not always ful that last summer's release of a film adaptation of Thompson's most celebrated work, "Fear and Loathing in Las Vegas," has inspired him to let "The Rum Diary" see

the light of day. though the novel pretty much falls to pieces in its second half, its first half is genuinely likable and appealing.

Memoir masquerading as fiction, it gives us Thompson, a k a Paul Kemp, as a young

King of Gonzo that Thompalso a charming innocence who could barely write a

This is a useful reminder Thompson has fabricated for himself lies another self, a man not immune to sentiment and nostalgia, a professional journalist who so; there is reason to be grate- holds his business and himself to exacting standards even as he tries to reshape the business and himself in more provocative, less conventional forms.

If there is any anger or scorn in this book, it is di-One reason is that al- rected at business interests that exploit and destroy natural beauty and journalists who sell out to them.

In his later work, Thompson has turned his gifts for invective and malediction on these and other offenders; here journalist practicing his trade at a disreputable English-lan- and surprisingly affecting.

Puerto Paul Kemp arrives in San tending they were in Cas-Rico around 1960. There's a Juan to work for the Daily ablanca. One part of the city lot of hell-raising and drink- News, run by an ex-Commuing in the book, hence its title, nist named Reed Lotterman other part looked like a meand thus it anticipates the and staffed by "the whole dieval asylum. Everybody I gamut from genuine talents met acted as if they had just son was to make of himself a and honest men, to degenfew years later, but there's erates and hopeless losers screen test."

Kemp himself is "a that beneath the self-destruc- seeker, a mover, a malcontive and wrathful self-image tent, and at times a stupid hellraiser" who "was never idle long enough to do much thinking, but . . . felt somehow that my instincts were right," who had "a vagrant optimism that some of us were making real progress. that we had taken an honest road, and that the best of us would inevitably make it over the top. Kemp has done time in

Europe and New York, has wearied of the journalistic life there and has come to San Juan seeking whatever it de-cides to offer him. What he work for a developer, he finds is summed up in a para"was being paid \$25 a day to
graph that gives a hint of ruin the only place I'd seen in finds is summed up in a para-

amusing and vaguely de-pressing at the same time. Here I was, living in a luxury hotel, racing around a half-Latin city in a toy car that ing, hard-living man is a mor-looked like a cockroach and alist, a Puritan, even an insounded like a jet fighter. sneaking down alleys and humping on the beach, scav-enging for food in shark-in-fested waters, hounded by mobs yelling in a foreign tongue — and the whole thing was taking place in quaint old Spanish Puerto tion to a body of work that's

around roulette wheels pre-

looked like Tampa and the come back from a crucial

Thompson's eye for the ludicrous and incongruous obviously was already developed at this early stage in his career, and so too was his acidulous pen:

"What passed for society was a loud, giddy whirl thieves and pretentious has tlers, a dull sideshow full of quacks and philistines with gimp mentalities.

The images that Thompson later would refine in Las Vegas and on the campaign trail had already taken shape in his Yet his eyes were clear

enough to see the beauties of a tiny island called Vieques and Thompson prose to come but ten years where I felt a sense also is, in and of itself, vivid of peace."

unreal air about the whole world I'd come into. It was amusing and vacual ified the gonzo style, it became harder and harder D remember that at the core of this hard-drinking, hard-talknocent.

The best thing about "The Rum Diary" is that it gives us this side of him without apology, even, I suspect, with a kind of pride.

Rico, where everybody spent likely to gain substance and American dollars and drove weight with the passing of American cars and sat time.

Washington Post Service

# **BEST SELLERS**

The New York Times
This bette based on reports from more than 2 000 bookstores, throughout the United States. Weeks on the list are not western amounties FICTION I A MAN IN FULL, by Tom 2 MIRROR IMAGE by Danielle Steel
WHEN THE WIND
BLOWS, by James Patterson 4BAG OF BUNES, by Stephen Kine 5 ALL THROUGH THE NIGHT by Mary Higgsis Clark
6 THE MUSICAWOOD
BIBLE by Barbers
Kingsalver
7 THE STATPLE TRUTH, by

BrainBOW SIX, by Tom 9 THE VALPIRE ARMAND IN ARMS ROW. 10 THE PATH OF DAGGERS IN THE PATH OF DAGGESS
by Rebet kedan.
IN MENOR'S OF A GEISHA,
by Antur Golden
IN TUDA'S I FEEL SILL'S &
OTHER MIX'DS THAT
MAKE MY DAY,
by
Jame Lee Curtus
IN WELCOME TO THE
WORLD BABY GIRL.
by Fannus Flats. the Fannic Flags
14 THE LOCKET by Rectand

NONFICTION THESDAYS WITH MORRIE by Much 

3 CONVERSATIONS WITH GOD Book 3, by Neale Donald Walsch .... 4 FOR THE LOVE OF THE GAME by Michael Lordon ..... THE PROFESSOR AND THE MADMAN by Caville THE DEATH OF OUTRAGE by William J BRIND MAN'S BLUFF. he Sherry Soniag and Christopher Drew with Americ Lawrence Drew -THE TEN COMMAND MENTS. by Laura Seglephinger and Siewart In LINDBERGH, by A. Scott Berg LONVERSATIONS
II CONVERSATIONS
WITH GOD: Broad 1 by
Neale Donald Walsch
12 SHAKESPEARE: The
Invention of the Human,
by Harold Bloom.
13 THE AMERICAN
CRACTION by Harold 

ADVICE, HOW-TO AND MISCELLANEOUS 

IS DAVE BARRY TURNS

# LIVING IN THE U.S.?

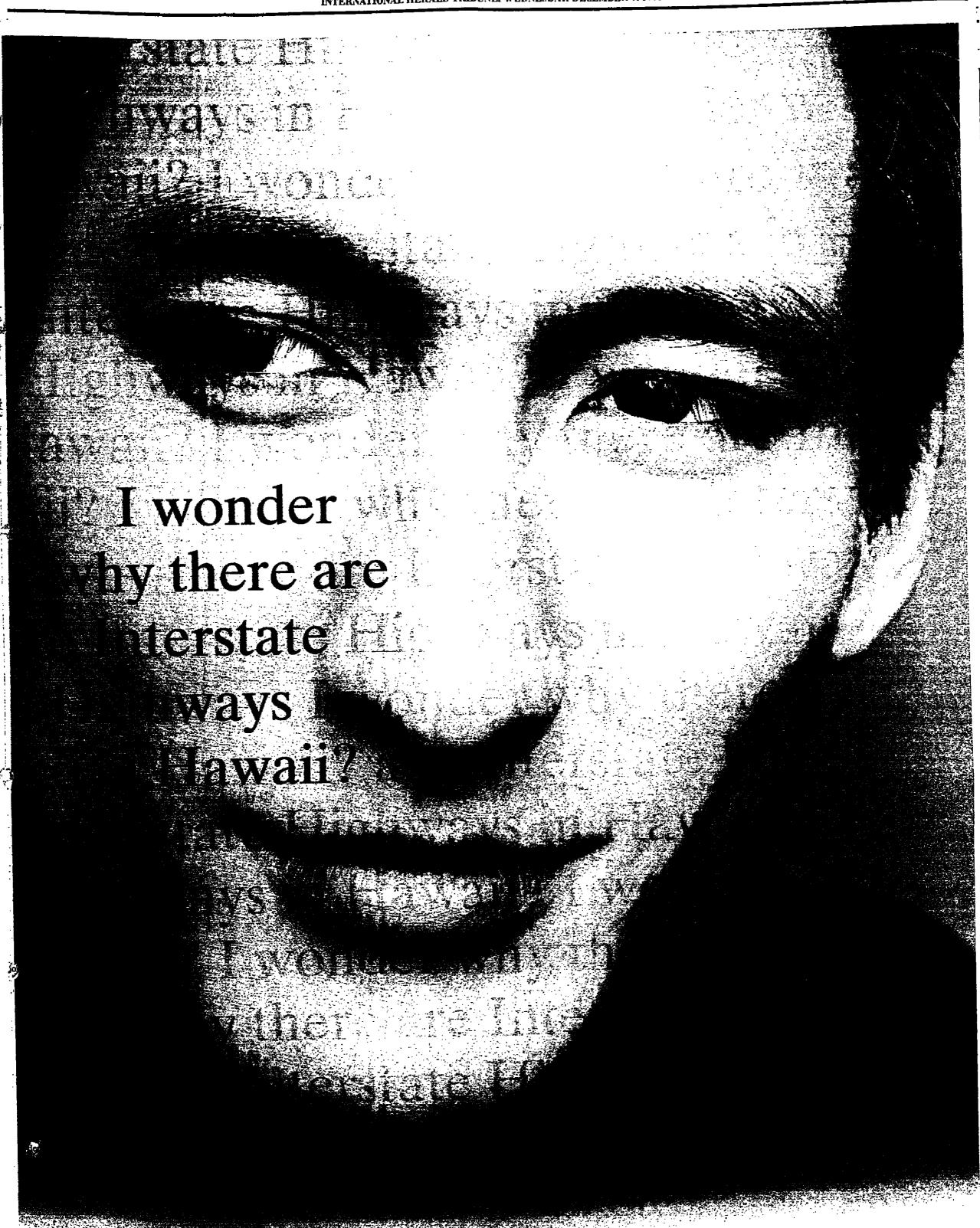
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#### ASIA/PACIFIC

# Asians Drive Rise in U.S. Of Foreign Student Total

Agence France-Press
WASHINGTON — Bolstered by Asian enrollment, the number of foreign students in the United States surged 5.1 percent to 481,200 in 1998, after four years of flat growth, a new study says.

The number of American students abroad also rose a steep 11.4 percent from 1997, to nearly 100,000.

These figures are contained in the annual "Open Doors" report from the

#### Seoul Revives Plan To Replace Missiles

The Associated Press

SEOUL — South Korea will revive a \$2.3 billion plan to build an air defense system to replace its

aging U.S. missiles, according to Defense Ministry officials. The decision follows the acci-dental firing Friday of a Nike-Hercules anti-aircraft missile into busy commercial airspace over the westem city of Inchon.

The officials quoted Defense Minister Chon Yong Tack as telling military leaders Monday night that the missile system would be upgraded "as soon as possible.

Earlier plans to replace the Nike-Hercules missile defense system. first deployed in the 1960s, had been put on hold this year because of the nation's financial crisis.

A report on the accident last week indicated the missile's builtin communications system malfunctioned and triggered the firing. Similar accidents occurred in 1997 and 1980.

Institute for International Education for

the U.S. Information Agency. Keith Geiger, USIA director of academic programs, said the agency was "delighted" to see both the increased numbers of international students choosing to study in the United States and the greater number of U.S. students

But he said that from 1995 to 1997. the American share of all international students dropped to 30 percent, from 32 percent. That is down substantially from 40 percent in the 1980s.

Japan was the leading country of origin for foreign students in the United States, with 47,073, followed by China with 46,958, and South Korea with

Asian students account for more than half of international student enrollment in the United States, at 57.6 percent, the study said. It said that the number of Asian students increased by 6.4 percent to 277.508 this year.

Korean student enrollment rose 15.5 percent. Chinese enrollment 10.5 percent, and Indian enrollment 10.4 per-

cent, the study said. The study does not take into account the higher-than-usual drop-out rate this year among the 80,000 Asian students whose home countries were hit hardest by the Asian financial crisis: Indonesia. Malaysia, South Korea, the Philippines. and Thailand.

A survey in March found that nearly 10 percent of students from those countries dropped out in 1998. The drop-out rate among South Korean students was sharpest, with many U.S. campuses reporting losses of up to 20 percent.

The most popular destination is New York City, with 29,855 international students this year, ahead of Los



IN MEMORIAM - A man in a former Japanese Imperial Army uniform saluting Tuesday at the Yasukuni Shrine, which is dedicated to Japan's war dead. Tuesday was the anniversary in Japan of the attack on Pearl Harbor.

While foreign students comprise just 3 percent of all college and university students in the United States, the Commerce Department ranks higher education as America's fifth-largest service

The U.S. government says foreign students contribute more than \$7.5 bil-lion to the U.S. economy annually in

school fees and living expenses. Business administration and engi-

neering remain the top fields of study for international students, but computer science and the arts are gaining in pop-

Most students from the United States continue to study in Western Europe, but Latin America and Asia are gaining in popularity with them, with an increasing number of Americans traveling to China, Australia and Mexico for

## INDONESIA: Unrest Worries Neighbors

Continued from Page 1

elsewhere in Indonesia continue to surface, and religious and ethnic conflict, including attacks on members of the substantial ethnic Chinese minority, remains a problem.

Officials in Southeast Asia say privately that they are also worried that a Balkanization of Indonesia could inflame social tensions elsewhere.

Mr. Siazon was speaking after annual consultations with officials in Brisbane, Australia. Foreign Minister Alexander Downer of Australia said he hoped that Indonesian parliamentary elections scheduled for June and presidential elections later in 1999 would be the most democratic since 1955, before former President Suharto came to power with the backing of the armed forces in

"But making the transition, from the type of regime that Indonesia had before under President Suharto to a more fully fledged democracy in a pretty short period of time, is going to be an extraordinarily difficult challenge." Mr.

Downer said. There are all sorts of different centers of power emerging in the country. competing with each other, and that doesn't make for an easy political en-

Mr. Suharto was forced to resign in May after a nationwide wave of studentled protests. Since then, racial and religious clashes have continued, and recently increased, raising concerns that they are being farmed or engineered by rival groups in a struggle for power ahead of the elections next year.

The political elite are fighting amongst themselves to satisfy their own ambitions," Abdurrahman Wahid, a moderate who heads the Nadhlatul Ulama, the largest Muslim organization in Indonesia, said in an interview published Tuesday in The Straits Times of Singapore. "The situation is in turmoil. People are killing people with increas-ing frequency, and that is the clearest

Wa Power B sign yet of a society tearing apart. If the continues, we face a social revolu-

The numoil is made worse, four officials and analysts say, because Post ident Habibie is relatively weak, while the once feared and powerful military divided and discredited by past e cesses, including the shooting of studen protesters in Jakarta last month.

Some in the military want democrat reform to proceed; but others want to u and hang on to their power and priileges, and those forces may be for menting conditions for a coup attemp analysts say, possibly in collusion wi Mr. Suharto or those close to him.

In its editorial, the Business Time said Mr. Habibie's government, havin agreed with Parliament on firm dates for elections, might gain some political sta

But it added: "Clearly, Indonesia re mains on the brink of a breakdown of social order which could lead to polical disintegration. President Hands must now keep to his promised tike table, no matter what obstacles at placed in his way. Indonesia's on chance to recover quickly from its crip pling political and economic paralysis in his hands.

The U.S. warning on aid came from Mr. Campbell shortly after the issuing the Pentagon's latest East Asia Strates Report. The report said Indonesia's economic and political difficulties would pose challenges to the established orde both internally and in the region.

'Indonesia's geostrategic position and regional influence make it impu tant for the United States to maintain cooperative bilateral defense relation

ship." the report said.
"If there is a situation developing i country like Indonesia." Mr. Campbe said, "in which the military is used such a way to subvert the democratic process, it makes it very difficult, if n impossible, for the United States to have a normal workaday relationship wi

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# China Urges U.S.-Pyongyang Talk

BEIJING — China called for "patient co-operation" with Pyongyang as the U.S. envoy William Perry arrived Tuesday for talks on the

recurring tension on the Korean Peninsula. A government spokesman made it clear that Beijing opposed any retreat from a 1994 deal between the United States and North Korea under which Pyongyang pledged to scrap its

suspected nuclear weapons program. That deal has been threatened by North Korea's refusal to give Washington free access to a vast underground complex being built near a mothballed Soviet-era nuclear plant capable of making weapons-grade plutonium.

We hope the parties directly concerned will cherish the results already achieved and continue to solve emerging problems through patient 'cooperation,' 'the spokesman, Zhu Bangzao, said at a news briefing.

He added, "We hope the parties concern will resolve the nuclear issue through dialogu and consultations rather than other measur which might escalate further the conflict."

Mr. Perry, the U.S. policy coordinator North Korea, arrived from South Korea part of a three-nation tour to review U policy on North Korea.

In Seoul, Mr. Perry issued a statement sa ing Washington's policy toward the Nor must be conducted "shoulder-to-shoulder with South Korea. "We have not come to ar

judgments." he said.

On Monday, Mr. Perry met President Kin
Dae Jung of South Korea, and both sides agree
to act "sternly" against the North if necessary
but to maintain a policy of engagement.

Religing one of North Korea's few general

Beijing, one of North Korea's few remain ing friends, has a key role to play in promoting peace and stability on the Korean Peninsula

#### IRAN: Tehran Seeks Germ Arsenal, Russians Sa

Continued from Page 1

in his country, but were doing only peaceful research. He also stressed that Iran had ratified a 1972 international treaty banning germ warfare. He said he "categorically" the claim that Iran was hiring Russian biologists to work on germ warfare.

Other Iranian officials have said Iran's research is being conducted for purely peaceful purposes. But veterans of the Soviet and U.S.

germ programs dismiss such claims. "It's often hard to distinguish between a drug and a weapon, or between offensive or to do peaceful research. In the last seven years defensive research." said Lev Sandakhchiev, director of the state laboratory known as Vector, which made deadly viruses for weapons in Soviet times. "What counts is intent."

An important figure in the Iranian buying network. Russian scientists and Western officials say, is Mehdi Rezayat, an English-speaking pharmacologist in Tehran who works directly for President Mohammad Khatami as a "scientific adviser," according to his business card, which was provided by a Russian scientist.

Russians approached by the Iranians say the recruitment style alone raises suspicions. Visiting delegations, they said, are sometimes led by franian clerics, who wield ultimate power in the Iranian theocracy and are ambiguous about what they want the Russian scientists to do.

Moreover, the Iranians have shown particular interest in learning about microbes that can be used in war to destroy or protect crops. as well as genetic engineering techniques that are vital both to legitimate research and to making deadly germs for which there may be

American officials assert that Tehran's biowarfare program may have already turned some germs and toxins into weapons, but they have scant information on Iran's progress.

To counter recruiting efforts by franians and others, the United States has quietly begun an effort to become the largest and best-funded competitor for the allegiance of Russia's former germ warriors. Washington is sponsoring scientist-to-scientist exchanges, joint research projects and programs to convert to civilian use laboratories and institutes once associated with the Soviet germ program.

The United States expects to spend at least \$20 million next year trying to keep Russian scientists peacefully employed at home.

"This is a high-stakes game to win the hearts and minds of Russia's best scientists, who are dangerous simply because of what they know, said Senator Dick Lugar, Republican of Indiana, who recently visited former Russian weapons sites now engaged in peaceful research.

Shortly after the Gulf War. Russian scientists said, Iran tried to recruit Russian biological scientists from leading germ laboratories. The effort largely failed, the scientists ological weapons. It also has responsibility said, and Mr. Rezayat and other Iranian agents turned their attention to smaller institutes.

In an interview. Gennadi Lepyoshkin, the former director of Stepnogorsk, a sprawling germ weapons plant in Kazakhstan, said that he had been approached in 1991 by Iranian middlemen who presented themselves as private entrepreneurs interested in establish-

ing commercial contacts.

But their proposals were such that v immediately declined and ceased contact wit them," said Mr. Lepyoshkin, whose plan once specialized in developing and producin

anthrax weapons. Scientists say the Iranians' 1997 visit to th All-Russian Institute of Phytopathology i Golitsino, which is about 50 kilometers (3

miles) west of Moscow, was typical. Under communism, the institute ma pathogens that would kill crops. But sin collapse of the Soviet Union, it has strig its staff has dropped to 276 from 1,200, an employees are paid only intermittently. De spite the hard times, the institute has become leader in pesticide research and in transgen plants, whose genes are manipulated to res certain herbicides, insects and diseases.

About a year ago, one of its scientis bumped into Mr. Rezayat while visiting Moscow-based laboratory.

Rezayat seemed to have visited most lab and institutes in the area," recalled the Rus sian scientist, who invited him to come. Golitsino and meet his colleagues.

Eventually, a five-man Iranian delegation made the trip and met, among others, Yur Spiridonov, a crop expert who is now head of the herbicide department. The Iranians e pressed interest in scientific excl. we's tween Russia and Iran, Mr. Spirido ev s

He told the Iranians that he had no objection in principle to such collaboration. But the delegation made Mr. Spiridonov nervous. For the such collaboration was the help of the franciscopies of the formula to the help of the franciscopies. one thing, he said, only half of the Traniar were scientists. The others just sat their wi their hands folded and said nothing," he sai

In addition, he said, they asked 'tro bling questions about substances related biological warfare. Mr. Spiridonov decline to elaborate, though he said, "these were no scientific questions," during an interview

that same office. Wary of his guests' intentions and foul endangering his growing ties to Western scientists and companies. Mr. Spiridonov de discussiones de la companies de la clined invitations to visit Tehran or to discu his research in any detail.

But three other scientists at the institute d visit Tehran, and invitations keep coming. Mr. Rezayat, reached by phone in Mosco on Sunday and asked about allegations that was helping to recruit Russian scientists for germ warfare, said such claims were bo common and spurious, but added that he coul say nothing more without Tehran's approve He promised to seek permission. On Monda his assistant said that Mr. Rezayat was

longer in Russia. Western officials identify Mr. Rezayat key official in the biology branch of an Iranis office that covertly shops for talent and technology involving nuclear, chemical and the covertly shops for talent and the cover for public health.

That office, said Ahmad Hashim, a Mid East expert who is a consultant for the U. government, is well known for its relentle pursuit of expertise and technology in dear eaponry, and not just in Russia.

They are definitely hunters, a U

#### INTERNATIONAL

# Filling a Power Breach, Republican Whip Leads the Charge

By Eric Schmitt

tive Tom DeLay of Texas, the third-ally. ranking House Republican, whips and wheedles his colleagues toward impeaching President Bill Clinton, he of his tendency to cut deals with Demoseems to be filling the space between the crais. He is strengthening ties with his

Republican whip, is filling not so much a from Social Security to tax cuts. leadership vacuum as a need of the new speaker. Mr. Livingston is more than in the weeks leading up to his formal happy to let Mr. Del ay take the lead on assumption of the speaker's job next happy to let Mr. DeLay take me seat on impeachment, and to put pressure on undecided moderate Republicans by deny who let Bill Chinton off. Nor, with an eye ing them a vote on a censure alternative. on a future when Mr. Clinton may still be while Mr. DeLay's power has grown, not diminished, since the disastrons fanatic for impeachment. For those reasone he of vest Mr. DeLay lots of running of Michigan, a Livingston supporter.

Continued from Page 1

the voters would not want their representative to vote for impeachment

Although the battle is being waged

before the Judiciary Committee, the real

fight is for the minds of perhaps two

dozen Republicans in the full House who hold the balance of power in an im-

today and to the presidency in the future.

"From any fair reading of the con-stitution, and from any fair sounding," Mr. Craig said, there was nothing jus-

But Republican members of the com-

Pania Jones sexual harassment suit, and

dangers of an impeachment in response

JERUSALEM - New incidents of ..

violence erupted Tuesday in the West

Bank as domestic pressure mounted on

Prime Minister Benjamin Netanyahu to

abandon the Wye River land-for-secu-

In Gaza City, armored personnel

is to address 1,500 Palestinian dele-

gates next week. Later in the week,

rity agreement with the Palestinians.

having the opposite effect.

while one third would.

cachment vote.

ident from office."

to a sexual dalliance.

"Del ay's role gives Livingston the chance to be a statesman," said Rep-WASHINGTON — As Representa- Tennessee, who is a close Livingston resentative Zach Wamp, Republican of

departure of the House speaker, Newt leadership lieutenants, like Mr. Del.ay.
Gingrich, and the arrival of the speaker—the chief Republican vote counter. And to-be, Bob Livingston.

But as crucial votes approach, it is servative Democrats, beckoning them to increasingly clear that Mr. Delay, the join Republicans on addressing issues

What Mr. Livingston does not want.

impeachment against Richard Nixon, and ultimately to his resignation, in 1974.

Even if every allegation made against the president were proved true, said the constitutional and legal scholars called

by Mr. Craig, they would not rise to the level of impeachability.

At several points Mr. Craig acknowledged that Mr. Clinton's public com-

ments on the Lewinsky matter and in the

Paula Jones sexual harassment suit had

but it was not perjury."
"No technicalities or legalisms

should be allowed to obscure the simple

moral thith that his behavior in this

and colleagues, and the nation.
"The president wants everyone to know,

It was one of the broadest expressions

IMPEACH: Lawyers Start Clinton Defense

Mr. Craig headed a broad-strokes defense, aimed not so much at contesting factual assertions from the independent counsel, Kenneth Starr, but rather at emphasizing the broad threat an impeachment could pose to the nation's business today and to the presidency in the future.

tifying Congress's "overturning a na-matter was wrong," Mr. Craig said. "He tional election and removing our pres-misled his wife and family, his friends

mittee questioned him repeatedly about the committee, the Congress, and the coun-

They also insisted that the Lewinsky much less, impeachment. As surely as matter was far less grave than the official we know that what he did was sinful, we

tion devices.

Wye Plantation in Maryland and restore of Ram, north of Jerusalem, soldiers fired early elections bill.

The trip was intended to shore up the Tuesday, Palestinians threw stones at

agreement negotiated in October at the Israeli troops and motorists. In the town

calm to the region, but appears to be tear gas and rubber bullets at high school

sized what they said were the vast ment with Mr. Lewinsky.

midterm elections that cost Mr. Gingrich sons, he gives Mr. DeLay lots of running of Michigan, a Livingston supporter. Mr. DeLay's frontal assault spares inconceivable that Mr. Livingston, a "There's a strategy, a psychology, for Mr. Livingston the messy infighting to a leadership position to take with House Democrats and the White DeLay maintain such a high public profile if he did not approve of his tactics."

House floor this week - and post-fight to keep his leadership job. pones Mr. Livingston's crucial de- Mr. DeLay has filled the breach, cision on whether to allow a censure using his vaunted whip opervote if impeachment fails.

While publicly pooh-poohing his charge against Mr. Clinton. influence, Mr. DeLay acknowledged as much on Sunday. "Gin- a pugnacious, steely-eyed son grich is referring and deferring to of an oil driller, is virtually Bob Livingston, and Bob is waiting alone among his fellow House for the report to come from the Republican bosses on the imcommittee before he decides," Mr. DeLay said. Mr. DeLay's Capitol Hill office

dialers to summon lawmakers back not to be a central player." said to vote on one or more articles of Representative Howard McKimpeachment next week. Staff eon, Republican of California, members are clearing their desks to one of Mr. DeLay's assistant whips. give dozens of Republican law-

articles of impeachment to the his wounds from a bruising ation to lead the impeachment

> The very fact that Mr. DeLay. peachment stage, is tilting the way the drama is playing out.

When you combine his leadis humming with the buzz of im- ership role and ability to count peachment. Squadrons of young votes, and his personal feelings aides are readying their speed on this issue, it'd be hard for him

makers who are retiring or lost their ties to the Christian right, Mr. DeLay elections - and lost their offices - a painted a bull's-eye on Bill Clinton soon place to pen notes and call colleagues.

With Mr. Livingston lying low, Mr.

Gingrich all but gone and Representative Dick Armey, Republican of Texas, the majority leader, still licking

Texas, the majority leader, still licking



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challenging Mr. Clinton, Mr. DeLay brought his whip staff back from vacation to go on the attack.

His office acted as a congressional scandal clearinghouse, sending Republicans a thick binder of newspaper clippings, political history and Mr. Clinton remarks from 1974 on Richard Nixon's impeachment inquiry, even before Kenneth Starr, the independent counsel, sent

his report to Congress.

"For me," Mr. DeLay told radio listeners recently, "it's already been established that anybody who lies to the

grand jury ought to be impeached."
With Mr. Gingrich retiring, House
Democrats and the White House are trying to paint Mr. DeLay as their new bogeyman - the Republican that Democrats love to hate.

Mr. DeLay, a 51-year-old former pest exterminator from Sugar Land, Texas, is

would be a vote of conscience for each

peachment. In three separate conference calls last Wednesday with his whips, Mr. DeLay took the temperature of House Republicans. This is what he heard: an up or down vote on impeachment this year. and no censure. Armed with that in-

ency." Mr. Wamp said. "He's a buildog on the positions he takes."

Station Is Hooked Up

plan to enter the station Thursday. By 0130 GMT, the spacewalkers were more than an hour ahead of schedule.

But Mr. Ross said that some of the cables

located in chilled shady spots were so stiff that they were difficult to work with.

Some connectors seemed unexpectedly

its installation to minimize difficulties for

the spacewalkers. The sockets and cables.

the results of years of design work, were

made to be handled easily by gloved hands, with latching mechanisms that pull

Engineers designed the hardware and

delicate, requiring careful handling.

**SPACE:** 





what they said were the brazen and inry that he is genuinely sorry for the pain
excusable lies told by Mr. Clinton when and the damage that he has caused and for
he was asked, first in a deposition in the the wrongs that he has committed." Representative John Conyers Jr. of Michigan, left, the ranking Democrat on the House Judiciary Committee, conferring with the committee's Democratic counsel, Abbe Lowell, center, and Julian Epstein, an aide.

Mr. Craig and his witnesses sought to level of impeachment. later by a grand jury, about his relationship with Ms. Lewinsky.

since mid-August, when Mr. Clinton Mr. Craig and his witnesses emphasispoke to the public about his involveimpress on committee members, and on other members of Congress listening, that a vote in the House to impeach — if made on the assumption that it will come son in the 1960s, said that the "process Mr. Craig emphasized, however, that at a low price since the Senate is unlikely of impeachment is simply to remove the assertions of illegal behavior would to convict Mr. Clinton or that it could from office upon conviction, not to oth-

up demands that Israel release more Pal-

with coalition hard-liners to freeze the

peace accord. In exchange, the hard-

a first of three readings, Mr. Netanyahu

On Monday, when the bill came up for

Israeli media have said that Mr. Net-

Tension Climbing in West Bank Before Clinton Visit

refugee camp, troops fired rubber bullets still did not have enough support. In a

11-year-old Israeli girl was hurt when seek a no-confidence vote in his own stones struck the car she was riding in. government, thus postponing the de-

Nicholas Katzenbach, who was attorney general in the Democratic administration of President Lyndon John-

It would make it easier, they said, for be streamously opposed. 'Neither the serve as a penalty in itself — would be a crwise punish the person involved.''

Puture congresses to attack politically law of perjury nor the facts of this case grave detelliction of duty.

If that power is not limited, as unpopular presidents.

Could sustain a criminal prosecution.

Members of the first panel of experts clearly is," he said, then any presidents. If that power is not limited, as it clearly is," he said, then any president said that the possibility of impeachment insisted that the conduct of which Mr. could be removed if a sufficient number Clinton was accused — even if every of members of the House and Senate

Mr. Katzenbach held that impeachment could only be appropriate if a president could be shown to have lost his ability "to carry out his role with the confidence of the public," and he said the results of elections and opinion polls aison to business groups, conservative showed no sign of that.

Another panel member, Sean Wiposed "an extremely dangerous" threat to the presidency and Constitution.

resident passed the House and came to trial in the Senate — after President Mr. DeLay's views, combined with Andrew Johnson, in 1868, defied a politically hostile Congress in his appointment of a secretary of state — Mr. Wilentz said that the result "drastically weakened the presidency for decades.'

He told committee members that their reputations would be darkened if they voted for impeachment without an "absolute conviction" that Mr. Clinton had committed impeachable offenses.

They would be "fairly accused of gross dereliction of duty," he said, and would risk "going down in history with the zealots and the fanatics," adding. "History will track you down and condernn you for cravenness. Samuel Beer, a Harvard University

professor of government, warned the committee that an impeachment, except if absolutely justified, could dangerously lower the bar to future impeachments. The other panelist, Bruce Ackerman, a Yale University professor of law and

stitution, he said, prevents a lame-duck House from sending unfinished business

to an incoming Senate. Three former Democratic members of Congress also testified that what Mr.

from impeachable. Robert Drinan, a Roman Catholic priest now on the law faculty of Georgetown University, said Mr. Clinton's

appalling crimes" of Watergate. Elizabeth Holtzman of New York said that impeachment was intended not to punish a nation" as she said impeach-

Wayne Owens of Utah agreed, saying

Their comments drew an emotional rejoinder from Representative Howard Coble, Republican of North Carolina. He insisted that there were parallels to Watergate, which he listed as "evasion. lying, deception, using government em-

Economic crises in countries like

Russia and Indonesia take a toll. And

Bob Livingston, the House speaker-to-be. with his wife at an awards ceremony. He seems happy to remain above the frav.

practically itching for a fight. "They tried to demonize Henry Hyde, they tried to demonize Linda Tripp, they tried to demonize Newt Gingrich, so I guess I'm the next candidate," said Mr. DeLay, whose nickname is the Hammer. "I'm ready for it."

What has turned Mr. DeLay from just another sharp-edged critic of the president to the man who may deal Mr. Clinton his most stunning defeat is the Texan's close ties to Mr. Livingston.

A deft politician, Mr. DeLay was one of the earliest backers of Mr. Livingston's campaign to succeed Mr. Gingrich, bringing with him the 65 whips in his vote-counting organization. The al-liance sealed the speakership for Mr. Livingston.

As a reward, Mr. Livingston implicitly agreed to increase Mr. DeLay's budget and staff, and to give Mr. DeLay more say over the scheduling of leg-islation. Mr. DeLay also captured his most coveted empire-building prize; ligroups and trade associations.

Mr. DeLay insists he is not formally lentz, a history professor at Princeton, keeping tabs on Republicans' impeachment votes. Both he and Mr. Livingston say any vote to impeach the president

But moderate Republicans say that tone of Mr. Clinton's replies to 81 questions from the Judiciary Committee, have swung the momentum toward im-

formation, Mr. DeLay is tightening the screws on undecided Republicans.

'His clout derives from his consist-

## CLINTON: Advisers Debate What More the President Can Do

Continued from Page 1

president went about his business on better of the American people.

Now they must call attention to the gravity of possibly removing a president from office. They also hope to knock down the idea, advanced lately by some down the first processing of transactions of the Palestinians debated whether the president should make some kind of public statement before the full House takes up any articles of impeachment approved by the could not go ahead if the Palestinian leader, with the president should make some kind of public statement before the full House takes up any articles of impeachment approved by the could not go ahead if the Palestinians does not keep their own commitments.

He accused the Palestinian leader, value of the full House takes up any articles of impeachment approved by the could not go ahead if the Palestinian of the president should make some kind of public statement before the full House takes up any articles of impeachment approved by the could not go ahead if the Palestinian does not keep their own countries.

He accused the Palestinian leader, value of the full House takes up any articles of impeachment approved by the could not go ahead if the Palestinian of the palestinian leader, value of the full House takes up any articles of impeachment approved by the could not go ahead if the Palestinian does not knock that the full House takes up any articles of impeachment approved by the could not knock the palest Republican proponents of impeachment, that the House vote is a routine procedural step and that the more serious

decision will come in the Senate. Mr. Clinton remains confident that he has won the majority of Americans to the ation this week cause of keeping him in office, but he and his advisers know that a much smalleastroup will determine whether he can avoid the historical ignominy of an impeachment vote in the House.

There are perhaps two dozen moderate Republicans who will determine live with the rest of their lives. whether an impeachment article will pass the full House. The defense that Mr. Clinton's lawyers mount in the Judiciary Committee on Tuesday and Wednesday is being staged with this small caucus of swing votes preeminently in mind.

The tone is intended to be factual, aimed at rebuting the popular notion that Mr. Clinton committed perjury in either his Paula Jones deposition or his Aug. 17 grand jury testimony. But Republicans have warned that another icgalistic, hairsplitting defense could further damage the president's cause, reinforcing the delicate nature of the

lawyers' mission. is his lawyers present the defense, Mr. Clinton will be presiding at a conference on Social Security. On Samuday, about the time the House Indiciary Committee hopes to finish voting on articles

bolism the White House once wanted that were once part of the former Soviet to decrease infant mortality by 4.1 deaths

But the intentions of that treaty are being classrooms, however rudimentary.

there is sufficient public focus on the end of the day, this vote is different." historic step the House seems prepared

The violence and Israel's political turmoil came just days before the start of not openly threatened the president. But

The militant Islamic group Hamas has estimians held for anti-Israeli activities.

Israeli media have said that Mr. Net-

resident Bill Clinton's visit to Israel it is bent on derailing U.S. peace effort. anyahu has already made a secret deal and the Palestinian areas. In three separate West Bank clashes with coalition hard-liners to freeze the

students, injuring four. In the Kalandia

carriers were deployed outside the after their jeep was stoned and an officer desperate move to buy time, he had a convention center where Mr. Clinton was slightly injured. Near Bethlehem, an coalition partner, the United Torah Front,

Doug Sosnik, a White House senior be reluctant to cast a partisan vote once they have heard the president's present-

"When most members of Congress gotten and few people will remember what their specific accomplishments are. This is a vote people will remember any dynamic created by anything the where they were. This is one they have to president does that will lead to a sig-

"People are talking about the political another issue before Congress. But at the impeachment.

Once again White House aides have Palestinian steps to combat terrorism, debated whether the president should could not go ahead if the Palestinians did

So far, they say, nothing formal is lanned. Several political advisers, who in the past have encouraged an aggresadviser, said that House members may sive public stance, now wonder whether there is anything to be gained.

"Every unterance he has made they have rejected as insincere," said Bill Carrick, a Democratic strategist based in California. "I don't know if they would accept it. I don't know that inside the Republican caucus there is going to be nificant group of Republican members making a case that they should do anycalculations of this vote as if it's just thing other than an up-or-down vote on pone his visit, saying that the visit itself

streets around the hall will be sealed. Tensions in the Palestinian areas have cision on early elections by two weeks. Albright Admonishes Sharon

The Palestinians have presented a been running high in recent days because plan for protecting Mr. Clinton to U.S. of the dispute with Israel over the release Secret Service agents in Gaza and the of Palestinian prisoners held in Israeli Steven Erlanger of The New York United States, in turn, has given the jails. The Palestinians hope that as part Palestinians sophisticated bomb detector of the Wye accord Mr. Chinton will back

Times reported earlier from Washington: The United States scrambled Monday to keep the October agreement between Israel and the Palestinians on track, with Secretary of State Madeleine Albright warning her Israeli counterpart, Ariel Sharon, to adhere to the timetable set in the agreement and not to add new conliners agreed to withdraw support for an

Later Monday, Mr. Clinton dropped by a meeting between Mr. Sharon and Sandy Berger, the national security adviser, and spent about an hour discussing the new problems in the Middle East. Mr. Clinton's visit this weekend to the politics, challenged the scenario under which this House would pass articles of region is likely to be devoted to damage control as much as to celebration, one

American official said. In his news conference with Mrs. Albright, Mr. Sharon repeated Israeli warnings that the second phase of the Wye agreement, requiring Israeli pullbacks from the West Bank in return for specific

represents "a very difficult and critical obstacle to the continuation of the peace process, which we all want to chieve.

Later, Mr. Sharon again warned that if Mr. Arafat unilaterally declares Pales- it from serious abuses of power. tinian statehood after May 4, 1999, when the steps toward peace set out in the that impeachment "would have a terinitial Israeli-Palestinian agreement in Oslo are formally completed, Israel would annex parts of the West Bank not yet given to the Palestinian Authority. Mrs. Albright dismissed questions about whether Mr. Clinton might postis a part of the agreement.

#### Continued from Page 1 impeachment and the new Senate that is Ross had hooked up two cords, each convened in January would hold a trial. carrying four cables, between Unity and The 20th Amendment to the Conthe airlock tunnel that attaches it to the shuttle and through which the astronauts

Clinton did was wrong, but that it was far

mistakes could not be compared to the

g Mr. Clinton would do, but to protect

rible impact on the public."

ployees" to orchestrate a cover-up.

#### the two mating surfaces into alignment. Every crucial connection has a backup in case a socket is damaged or fails to fit. The spacewalk was the first of three planned for this shuttle flight and the first

"Fantastic!" Mr. Ross said when asked about the view from his work site. When I have time to look," he added. To aid movement for themselves and

of more than 160 that will be required to

build the \$63 billion international space

station over the next five years.

future crews, the spacewalkers installed an 18-foot slide wire down Unity's hull to which a tether can be attached to secure astronauts to the structure. This enabled Mr. Newman to move up to the junction of Zarya and Unity. Ms. Currie lifted Mr. Ross there, where he connected the last six cables, by fully extending the shuttle arm.

As the crew started on that final set, refugees of millions of children at a time about 0200 GMT, ground controllers when international aid for education reported they were receiving signals projects is decreasing. Uprooted chilfrom Zarya that showed all the condren are often turned into combatants by nections made so far were working.

The shuttle crew spent the rest of Often education has to compete for Tuesday raising the orbit of the space assistance with more immediate needs station by a few miles and resting up for the spacewalk Wednesday, which will of impeachment, he will leave for a round of impeachment of imp focus on installing 100-round (45-kilo-

#### Illiteracy, Notably Among Girls, Is Spreading in the Third World Union, where levels had been high by per 1,000, and a similar rise in girls' overwhelmed by a host of practical as

By Barbara Crossette New York Times Service

UNITED NATIONS, New York -Nearly one-sixth of the world's 5.9 billion people cannot read or write, according to a survey published Tuesday by Unicef, the United Nations Children's Fund.

The study predicts, moreover, that illiteracy rates will continue to grow steadily into the next century because one out ulation growth such as Indian and poorest nations is not now in school.

orld standards.

Apart from a deepening division be deaths per 1,000," the report said. "This Economic crises in co world standards.

tween rich, computerized societies and would mean concretely, in Pakistan for those without even the rudimentary tools example, that an extra year of schooling widespread ethnic conflict has made of knowledge, the report says, illiteracy for 1,000 girls would ultimately prevent has a direct relationship to important roughly 60 infant deaths." health indicators and fertility rates.

An overwhelming percentage of illiterates are in countries with high pop-found, illiterate women have an average about every four children in the Pakistan, where better educated women a secondary school education have an and children could significantly reduce average of 25 children.

Fertility drops sharply as education rises, Unicef said. In Brazil, the report

Unicef and other organizations work-

of 6.5 children while those mothers with like food and shelter, although refugee experts agree that one of the most ef-

various military forces.

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Tuesday's 4 P.M. Close The 2,600 most traded stocks of the day. ide prices not reflecting late trades elsewhen

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# AT&T to Buy Networking Unit of IBM

\$5 Billion Purchase Fills Key Gap at Phone Giant

Compiled by Our Staff Prom Disposehe NEW YORK - AT&T Corp. said NEW YORK — AT&T Corp. said
Thesday it was buying International
Business Machine Corp.'s data-networking business for \$5 billion in cash,
filling an important gap in the telecommunications giant's ability to supply business customers with high-speed
data services and Internet access.

IBM's Global Network Business,
with \$2.5 billion in revenue, has 1 million Internet users as well as tens of

lion Internet users as well as tens of thousands of business customers in 59 countries. Companies use the network to link computers that are far apart, to take orders from customers and to connect to the Internet.

In a related move, IBM agreed to a \$4 billion 10-year deal to manage AT&T computers that support its long-distance services for business customers. As a result, more than 2,000 AT&T employees will be offered jobs at IBM.
In addition, AT&T will run the net-

work that enables IBM's largest cus-tomers to talk and transmit data both ithin and outside their own compa-nies. It will get \$5 billion over five years

Under the deal announced Tuesday, 5,000 IBM employees from Global Network Business will go to work for AT&T when the deal closes, which is expected by next summer.

The deal, which had been removed for months, furthers AT&T's goal of be-coming a dominant provider of communications systems that use Internet technology to transmit data. In addition to giving AT&T a strong presence in the United States, the deal bolsters AT&T's joint venture with British Telecommunications PLC to supply communications services internationally.

"AT&T needed a data network like Anthony Ferrugia of A.G. Edwards said. "It was a strategic gap for

The sale enables IBM to focus on its strengths in selling computers and com-puter services without the distraction of

running the phone network.
Tom Burnett, president of Merger sensight, said, "This lets each company go off in its own direction — AT&T with more customers and fariting and IRM mith company of the control of the contr IBM with cash and something they don't have to worry about anymore."

AT&T has lagged other felecommu-

nications companies, such as MCI WorldCom Inc., as a global supplier of communications services to businesses. "We really weren't playing in this game," said C. Michael Amstrong, chairman of AT&T. "This now allows

us to compete for leadership." Louis Gerstner, chamman of IBM. said his company could now "focus

fully on helping our customers take advantage of the emerging networked world through e-business applications

IBM declined to comment specifically on how it would use the \$5 billion,

By Don Kirk

SEOUL - A day after South Korea's

heavily indebted conglomerates agreed

to slim down by selling off subsidiaries. Daewoo, the third-largest group, indi-

cated Tuesday that the process was likely to be a slow and complicated one.

that here would be a drawn-out nego-tiant process before his group acquired

Samsung Motor Co. in exchange for Daewoo Electronics Co. That exchange

was part of the program announced Mon-

day to restructure the five biggest South

Korean conglomerates, or chaebol. Kim Tae Gon, president and chief

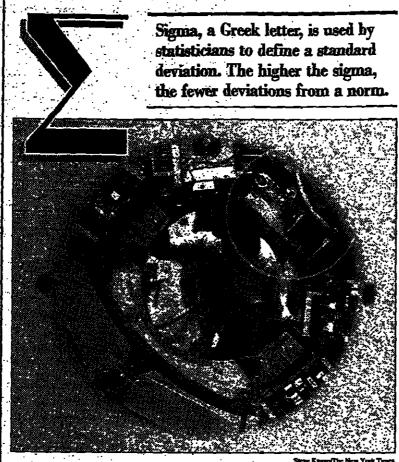
executive of Daewoo Motor Co., said,

'I don't think so," when asked whether

A top executive at Daewoo signaled

mal Herold Tribun

See AT&T, Page 18



A General Electric technician using Six Sigma theories to repair flaws in a tube (circled at upper right) in a medical scanner.

# A Boardroom Theology

**Executives Embrace Quest for Flawlessness** 

By Claudia H. Deutsch New York Times Service

EW YORK - Heard the latest management mantra? Six Sigma. In consultantspeak, it denotes the path to a corporate nirvana where everything — from product design to manufac-tuning to billing — proceeds without a hitch. In engineer-speak, it means no more than 3.4 defects per million widgets or procedures.

In practice, Six Sigma is a sta-tistical quality-control method that combines the art of the efficiency expert with the science of the compaier geek. A growing group of big no-nonsense companies like Allied-Signal Inc. Motorola Inc. and General Electric Co. swear by it.

"Six Sigma has galvanized our company with an intensity the likes of years at GE," said John Welch, chairman of General Electric.

So fervent a proselytizer is Mr. Welch that GE has spent three years and more than \$1 billion to convert all of its divisions to the Six Sigma faith. The GE Medical Systems unit re-cently introduced a \$1.25 million diignostic scanner, the first product that GE designed from start to finish using Six Sigma principles. Six Sigma teamwork enabled GE Plastics to produce more plastics without building one new plant. Over all, Mr. Welch credits Six Sigma with raising the company's operating profit margins to 16.6 percent from 14.4 percent. So what exactly is this philosophy

Daewoo Indicates Downsizing Will Be Slow

foundering Samsung Motor in the near

future: Mr. Kim said there were "a lot of

factors to consider" when asked why Samsung Motor had been ignored in an

outline of Daewoo Motor's restructuring plan. His response underlined the difficulties and delays that are likely to arise as the government battles to get the

chaebol to merge and downsize while

paying off their enormous debts.

President Kim Dae Jung, who

presided over the meeting Monday, has

made the restructuring of the chaebol a centerpiece of his drive to pull South

Korea from the economic morass that caused it to apply to the International Monetary Fund for a rescue package of nearly \$60 billion more than a year ago. To make the deal worthwhile, Mr.

Dec. 8 Libid-Libor Rates

of flawlessness? First, the name. Sigma is the Greek letter that stat-isticians use to define a standard deviation from a bell curve. The higher the sigma, the fewer the deviations from the norm — or, in industry par-lance, the fewer the defects. At One Sigma, two-thirds of whatever is being measured falls within the curve. Two Sigma encompasses about 95 percent. At Six Sigma you are about as close to flaw-free as mere mortals can get.

No company can really achieve that kind of perfection, of course. But as with any religion, Six Sigma presents an ideal state toward which therents continually strive.

"Six Sigma gets people away from thinking that 96 percent is good, to thinking that 40,000 failures per mil-lion is bad," said James Morehouse, a vice president of the consulting firm of A.T. Keamey Inc.

than a decade ago at Motorola. But since then, it has been embraced by numerous corporations and is even included in courses on quality at the Harvard Business School

As applied in industry, Six Sigma is a rigorous statistical method of breaking a customer's requirements into tasks or steps, and setting the optimum specification for each part of the process, based on how the parts interact.
"Six Sigma translates fuzzy cus-

tomer requirements into technically measurable responses," said Maurice Berryman, a Six Sigma consultant in

See SIGMA, Page 21

Kim indicated, Daewoo needed more

than simply ownership of Samsung Mo-

tor Co., which produces just one model, the midsized Maxima, which is based on

two-year-old technology from Nissan

we have to add some products," he said. For the Daewoo-Samsung swap to

work, another Daewoo spokesman said,

Daewoo also would want entities of

Samsung Heavy Industries that produce commercial vehicles and components.

Daewoo had not previously stated its desire to include Samsung's commer-

The exchange of Daewoo Electronics for Samsung Motor was one of the high-

See CHAEBOL, Page 21

Dec. 8

cial-vehicle division in the deal.

'If we had to receive that company

Motor Co. of Japan.

# German Joblessness Heads Back Up

Surprise Increase, Blamed on Weather, Puts November Rate at 10.2%

NUREMBERG - The number of unemployed in Germany rose for the first time this year as cold weather hampered construction work, statistics showed Tuesday, raising concern that Europe's largest economy will grow less than forecast.

The jobless total rose to 3,946,000 in November, or 10.2 percent of the working population in non-seasonally adjusted terms, the Federal Labor Office said. That compares with a jobless total of 3,892,000 people and a jobless rate of 10.1 percent in October.

The increase came as a surprise to most economists. "I had been fore-casing a further decline," said Christian Control of the toph Hausen, a Commerzbank econ-

Even taking seasonal factors into ac-count, the number of people looking for work in Germany increased to 4,113,000 in October, and the seasonally adjusted jobless rate was unchanged at 10.6 percent.

Bernhard Jagoda, president of the labor office, blamed the rise on unusually cold weather and an end to increases in government job programs

after the elections in September. He did not rule out the possibility that harsh weather would again hurt employment in December.

Since March, the previous government had funneled extra funds into jobcreation schemes in the hope of improving its chances in the September

"But the bulk of these measures will run out of steam at the end of this year," said Lothar Hessler, an economist at HSBC Trinkaus.

Mr. Hessler said that with economic growth expected to slow to below 2.5 percent next year, growth will be "too low to generate any positive impetus on the labor market," meaning that "any future improvement in the German labor market will therefore depend crucially on structural changes in tax and labor-market legislation.

Economists had been counting on domestic demand to partly compensate for a slowdown in exports to stricken Asian markets and keep the economy grow-

Many German companies continue to reorganize to cut costs amid greater competition. In addition, the cold

weather last month prompted construction firms to get rid of extra workers.

Philipp Holzmann AG, Germany's largest construction company, said it would reduce its work force to 36,600 by the end of December, a decline of 7,100 people in the year. Holzmann, like a number of other German builders, has tried to compensate for a drop in domestic demand by expanding in foreign markets, which now generate more than

half of its new orders.

Deutsche Telekom AG, Europe's largest phone company, plans to cut 20,000 jobs, or 11 percent of its work force, by 2000 to increase competitiveness and slash costs, its chief executive, Ron Sommer, told the German

weekly Bild am Sonntag.
(Bloomberg, AFP, AP)

#### Venezuelan Surge

Stocks soared in Caracas, as did bonds and the bolivar currency, after President-elect Hugo Chavez eased fears that he would roll back free-market policies. Page 18.

# Schroeder's Alliance Faces Uphill Battle

By Roger Cohen
New York Times Service

BONN - Consensus was long the backbone of the postwar economic boom in Germany, and Chancellor Ger-hard Schroeder has set out to prove that it could form the basis of a fight against the country's crippling unemployment.
With more than 4 million Germans,

or 10.6 percent of the work force, out of work, Mr. Schroeder summoned labor unions, employers and several members of his Cabinet to a first meeting Monday of an "alliance for jobs." But the al-liance looked tentative at best, and its initial achievement was little more than a list of good intentions.

As global competition has increased, while wage costs have remained high, the economy — based on both the free market and a high level of social protection — has frayed. The rich have grown richer, but unemployment has risen to levels not seen since 1945.

Mr. Schroeder, who took office in October, will be judged largely on his

unions, employers and politicians, amounts to an attempt to demonstrate that the German model can be saved. With the introduction of a common European currency imminent, Mr. Schroeder wants to show that the largest economy in Europe can generate em-

ployment while pre-NEWS serving a high level of social benefits and avoiding the wholesale deregulation that has helped spur rapid job creation in the United States.

"The excellent atmosphere at the talks makes me optimistic," Mr. Schroeder said after the meeting. "This alliance is necessary to meeting the challenges of an increasingly globalized economy and will prove anything but a flash in the pan.

A statement said the parties, who will meet again Feb. 25, had agreed to strive to lower labor costs, to reform the broad but costly social welfare system, to create more workplace flexibility, to

ability to get people back to work. His method, elaborate negotiations among for small companies and possibly to for small companies and possibly to lower the retirement age, now 65.

All these measures have already been talked about for several years in Germany and it was not immediately clear why there should be more success this time. In practice, reform of pension, health and unemployment systems, the cost of which add more than 40 percent to wage bills, has met strong resistance from unions

The only concrete steps agreed upon Monday were to move up tax reforms for small and medium-size companies from 2002 to 2000 and to create 100,000 training positions for young people. Where these positions would be found, and how they would be paid for, was not specified.

A real test of the will to compromise is likely to come in the next few weeks as employers and unions confront each other over wages. IG Metall, the union that has more than 2.7 million members in the auto and engineering industries, has called for a 6.5 percent pay increase.

Global Private Banking

# WHEREVER YOU GO, WHEREVER YOU MAY BE, YOU'LL FIND THAT REPUBLIC SPEAKS YOUR LANGUAGE.



Our multilingual account officers are at your service in some three-dozen financial centres around the world. And though they speak many different languages, all are committed to one fundamental principle: to protect our clients' capital as we safeguard its purchasing power.

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This sophisticated conservatism, vigorously pursued, has created a global private bank of exceptional stability, capable of weathering the roughest storms.

Indeed, Republic's capitalization ratio, on a risk adjusted basis, is twice as great as that required by the world's international banking regulators.

To our way of thinking, it is security as well as return that we must ensure each day. And in the process, to provide a unique quality of service, understanding and discretion.





# Republic National Bank of New York

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Republic National Bank of New York, 1998.

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#### Investor's America 30-Year T-Bond Yield Dollar in Yen JASOND 9070-67 - 0.47 118138 1187.74 0.54 584.64 585.58 -- 0.26 MYSE (Comprigne 1574.66 576.14 : 0.26 6 2034.75 2040.88 030 AMEX Composite 963.50 662.76 =0.11 TSE Index 8372.50 6365.06 +0.22 Torombo: 7937.75 3.89 3741.20 +2.00 454.90 0.25 3218.75 271832 3 +0.01 rai\* 4789.98 N.A.

#### **Very briefly:**

- Northrop Grumman Corp. will cut an additional 1,100 jobs next year because of Boeing Co.'s plan to slash commercial-aircraft production. The military contractorhad already planned to cut 2,600 jobs in its commercial-aircraft unit. Sales to Boeing account for 12 percent of Northrop's
- Intimate Brands Inc., which runs the Victoria's Secret and Bath & Body Works chains, plans to open free-standing cosmetics stores that would compete with the beauty sections at department stores and mass-market retailers.
- Wal-Mart Stores Inc., the world's largest retailer, is looking to accelerate its expansion overseas through acquisitions, partnerships and new stores. The retailer's international unit, which operates more than 600 stores, will also open 75 to 80 new stores next year.
- Sales over the Internet rose almost fourfold during the Thanksgiving holiday week from a year earlier as more shoppers turned GE. "He possesses the superb balto the convenience of shopping by computer, according to a survey of on-line retailers by Boston Consulting Group.
- The Securities and Exchange Commission is conducting a preliminary inquiry into whether Long-Term Capital Management LP violated securities laws by not disclosing the extent of its losses when it tried to raise money to stave off a collapse, a person familiar with the inquiry said.
- Kinross Gold Corp. of Canada is taking a \$216.1 million division. GE Capital is GE's largest fourth-quarter charge, mainly to write down the value of two gold mines in line with lower bullion prices and to reflect costs of its acquisition in June of Amax Gold Inc.
- Petroleos Mexicanos, Mexico's state-owned oil monopoly, plans to reduce investments next year by \$1 billion, to \$7.5 billion, because of sagging oil prices.
- Salomon Smith Barney Inc., the securities unit of Citigroup Inc., named Paul Matthews its head of global bond arbitrage, succeeding Costas Kaplanis, who it said was leaving for personal reasons. AP, Bloomberg, Reuters

Jan. 1, 1992 = 100	Level	Change	% change	year to date % change
World Index	195.65	+ 0.87	+ 0.45	
Regional Indexes		•		
Asia/Pacific	91.52	± 1.07	+ 1.18	<b>— 4.74</b>
Europe	223.36	+ 2.06	+ 0.93	+ 15.71
N. America	277.82	0.60	<b>— 0.22</b>	+ 28.63
S. America	86.08	0.64	<b>— 0.74</b>	<b>— 43.62</b>
Industrial Indexes	-			
Capital goods	286.68	0.31	<b>— 0.11</b>	+ 38,78
Consumer goods	241.82	+ 0.64	.+ 0.35	÷ 15,30
Energy	197.73	+ 2.81	+ 1.44	+ 1,42
Finance	134.29	+ 0.43	+ 0.32	+ 9.21
Miscellaneous	185.14	<b>— 1.13</b>	<b></b> 0.61	+ 23.53
Raw Materials	160.67	+ 0.13	+ 0.08	3.93
Service -	205.18	+ 2.68	+ 1.32	+ 17.71
Utilities	178.19	+ 1.43	+ 0.81	+ 6.78

#### **AMEX**



prices and Venezuela's currency all rose Tuesday as the conciliatory tone taken by President-elect Hugo Chavez eased investor fears that he would roll back free-market eco- ers to be humble in victory and his nomic policies. The general index of the Caracas

4,789,98 points; markets were closed Monday. Venezuela's dollar bonds rose 3 percent abroad, according to a J.P. Morgan & Co. emerging-market debt index, and the bolivar rose about 0.5 percent against the dollar.

Chairman

**Steps Down** 

At GE Capital

GREENWICH, Connecticut -

Gary Wendt, credited with the ex-

pansion of General Electric Capital

Corp. but also remembered for his

Dennis Danmerman will succeed

Mr. Wendt as chairman and chief

executive, Mr. Dammerman, 53, also

has been named vice chairman of the

board of the parent company, General Electric Co. Mr. Dammerman

has served as senior vice president of

finance and chief financial officer of

John Welch Jr., chief executive of

ance of all top business leaders --

great intelligence, outstanding

people skills, unquestioned integrity

and keen business insight."
Mr. Wendt, 56, built GE Capital

into one of the biggest financial-

services companies in the world

during his 12 years as head of the

moneymaker, accounting for nearly

the spotlight last year during his divorce case. GE sought to have

some hearings in the case closed for

Mr. Wendt has since remarried.

Mr. Wendt's personal life entered

40 percent its profit.

GE, as well as corporate director. "Dennis is the perfect person to lead GE Capital Services," said

highly publicized divorce, will step down as head of the company, GE

Capital said Tuesday.

CARACAS - Stock and bond stituent assembly and try to negotiate a grace period on payment of some foreign debts.

But in his victory speech Sunday, he was conciliatory, telling his backlogue. Mr. Chavez also said he Stock Exchange surged 22 percent would cut Venezuela's bloated gov-from last week's levels to close at erument payroll, reduce the fiscal deficit and honor the country's \$21 billion foreign debt.

"Investors have recovered some of their confidence in the country," said Leonardo Quintero, a broker at BanFederal.

pollucians and investors during the as not the monster we had made him campaign by saying he would seek out to be," said Robert Bottome, messiah to millions of poor people U.S. ambassador. (AP, Bloomberg)

to dissolve Congress, call for a con-publisher of the business magazine because of expectations he will pun-Veneconomia.

But analysts said the rally in markets - which had fallen in previous months, in part, out of concern that Mr. Chavez would win - could be short-lived if the president-elect did opposition that he was open to dia- not set out specific plans in coming weeks to cut the budget deficit and interest rates and stimulate the oilbased economy. A one-third tumble in oil prices this year has sent the in, said Guillermo Moron, a hiseconomy toward its second recession in three years.

Mr. Chavez, who has never held public office, is still viewed by much of the political establishment Mr. Chavez, 44, a populist who once led a coup attempt, unnerved politicians and investors during the campaign by saving he would stalk an analysis of the monster we had made him campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieve that he campaign by saving he would stalk as a count to be lieved as a count to b

ish the corrupt, wipe out misery and

rities America.

return their country to the oil-rich days when it was dubbed "Saudi Venezuela. Many, however, fear that those expectations may be too high for Mr. Chavez's own good.

"People think they are going to start earing better and living better on Feb. 3," the day after he is sworn

torian. "But that's not true." Depressed oil prices, unemployment and underemployment "mean that the next government will face some very difficult problems, and it will take political skill, courage and resolution to deal with them suc-

Dell Computer lost 1 to 66%,

Coca-Cola, which gets 70 percent of its revenue and three-quar-ters of its profit from international sales, fell ¼ to 68¾. Gillette fell 2

Some of the money being pulled

into Treasury bonds, driving the

price of the benchmark 30-year

5.04 percent Monday. Expectations for U.S. inflation

to remain low also drew buyers to

and Microsoft, which set a record high Monday, fell 2% to 131 3/16.

# **Dollar Slides** On Outlook For Growth

Bridge News

NEW YORK - The dollar fell against other major currencies Tuesday after a Federal Reserve official hinted that U.S. economic growth could slow next year and the president of the European Central Bank damped hopes for a cut in European interest rates in early 1999.

The dollar slipped after Cathy Minehan, the president of Federal Reserve Bank of Boston, said that while financial markets had calmed considerably in recent months, there

#### FOREIGN EXCHANGE

were "reasons to believe" United States had not "fully & caped" the impact of the world's economic problems.

Ms. Minehan said that the slide in

the U.S. personal savings rate into negative territory during the past two months could eventually lead to a slowdown in U.S. consumer spending.

"This could result in lower revennes for businesses and affect spending and job growth as well,"
Ms. Minehan said.

Earlier, Wim Duisenberg, president of the European Central Bank, deflected hopes for a further cut in European interest rates, telling an EU parliamentary comminee that the new central bank intended to keep rates steady "for the foresee-able future."

Mr. Duisenberg said he saw no danger of either inflation or delation in the 11 countries adopting the

tion in the 11 countries adopting the new currency, the euro, Jan. 1.

The dollar fell to 1.6667 Deutsche marks in 4 P.M. trading from 1.6795

DM on Monday, to 5.5899 French francs from 5.6333 francs and to 1.3610 Swiss francs from 1.3770 francs. francs. The pound rose to \$1.6580 from \$1.6515.

The dollar also feli to 119.035 year from 119.700 yen.

Dealers said the dollar had also

corporations seeking to lessen their exposure to the U.S. currency.
"The dollar lost its momentum as

corporations jockeying for the new year dumped it," said Jeff Yu, senior trader at Sanwa Bank. Analysts said the dollar's weak-

ness against the yen was likely to be temporary because the Japanese economic outlook remained grim.
"There's little hope or sign of

# Worries About Exports Hit Stocks having a great morning they gave up some gains," said Ned Collins, head of trading at Daiwa Secu-

fourth-quarter earnings. The Dow Jones industrial average closed 42.49 points lower at 9,027.98, and the Standard &

Poor's 500 index finished down 6.32 points at 1,181.38. The Nasdaq composite, which reached a record high Monday, slipped 5.89 points to close at 2,034.75. Declining issues outnumbered

advancing ones by a 3-to-2 ratio on the New York Stock Exchange. Union Carbide fell 134 to 421/4 after it issued its profit warning for 'Companies with exposure to

international markets are seeing to be leading the parade, and after bonds.

NEW YORK — Stocks fell said Richard Caro, a portfolio manager at Summit Bank. InUnion Carbide warned that slowing Asian sales would

#### U.S. STOCKS

with a Cisco than a Procter & Gamble," he said. Procter & Gamble, which also is heavily dependent on exports, fell 31/4 to 871/k.

Cisco Systems, a computer net-working company, slipped % to 79 13/16. But the stock has nearly from the stock market was moved doubled since early October. issue up 18/32 point to 103 28/32. The yield fell to 5.00 percent from Technology stocks have been

market leaders, and many slipped back Tuesday as investors took "A bunch of these techs seemed

(Bloomberg, Reuters)

AT&T: Purchase of IBM Data-Networking Unit Fills a Gap good momentum in getting that

"This kind of activity would have overwhelmed the old AT&T," said

quarter profit from continuing op-erations as its revenue rose 4.3 per-cent from a year earlier, to \$13.65 AT&T has said it is seeking rev-

AT&T Solutions.

close at \$67, while IBM's shares recovery in the near future" in the closed up \$1 at \$168.1875

(AP, Bloomberg, Reuters) berg of Merrill Lynch & Co. said

INTERNATIONAL FUTURES

478 -0.01 40.205 506 +0.01 18.713 5.13 +0.03 6.344 5.17 +0.04 672-62 5.18 +0.02 929 5.19 +0.02 113 5.22 +0.06 375.092 5.21 +0.07 375.979 4481 +0.95 26.274 5.13 +0.05 72.142 5.13 +0.05 72.142 5.13 +0.05 72.142 5.14 +0.05 12.142 5.15 +0.05 12.142 5 U.S. dollars per honel - lots of 1 Jun 79 10.44 10.05 10.15 Feb 79 10.44 10.05 10.35 Mar 99 11.06 10.65 10.62 Apr 99 11.06 11.19 11.18 Jun 79 11.60 11.19 11.18 Jun 79 11.64 11.45 11.45 July 99 12.02 11.37 11.79 Est. soluc: 18,000 . Prev. solus Prev. open Int. 244,75 oft 528

#### crease, to \$1.81 billion, in its third- been affected by year-end sales by phone companies, including GTE Corp., in bidding for the IBM net-AT&T said the effect of the deal on

Continued from Page 17

but it said the sale was not expected to have a "significant impact" on its 1999 results.

earnings in the first year of operations would be "insignificant," but after that it would add to earnings. The company provided no figures.

IBM's network grew from a phone system linking its outposts into one of the world's largest communications systems.

fear that sensitive financial infor-AT&T has been on an acquisition binge recently. It is buying the cable-TV system operator Telemation might be discussed. A judge last December ordered Mr. Wendt to pay his ex-wife, Lorna, \$20 million. Communications Inc. for \$32.7 billion in stock, and it bought the local strong. AT&T needed a thorough

phone-service provider Teleport housecleaning, and Armstrong has Communications Group this year. AT&T is believed to have beat done.'

out several other major American work. Since joining the company 13 months ago, Mr. Armstrong has shed slow-growing businesses, slashed costs, primarily by cutting thousands of jobs, and made several large acquisitions.

"These strategic agreements are all about growth," he said.

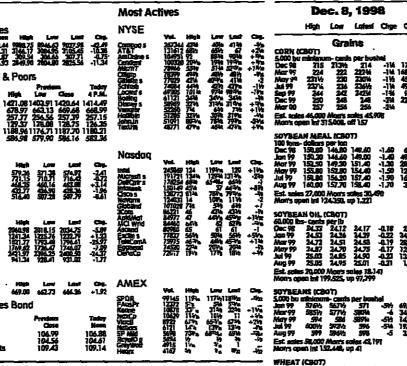
Jeffrey Kagan, an industry analyst, "but it's why they brought in Arm-

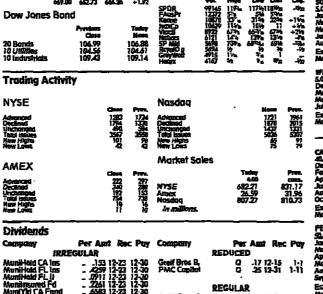
AT&T reported a 68 percent in-

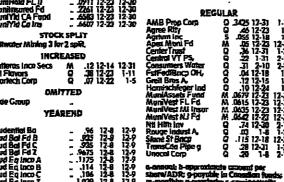
enue growth of 4 percent to 8 per-cent for the full year. The IBM deal

will increase that growth, especially at its networking services unit, AT&T's shares rose \$2.25 to

U. S. STOCK MARKET DIARY







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A CHAMBLE OF THE PARTY

Witness Street

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LONDON - Zeneca Group

PLC, the third-largest British drugmaker, said Tuesday it was bolding advanced merger talks with a Swedish rival, Astra AB. Zeneca said any transaction

would be a merger of equals and declined to give terms. The two companies could reach an agreement as early as this week. people familiar with the negotiations said. Published reports valued the transaction at around \$30 billion. A combination of Zeneca and Astra would be one of the largest mergers ever in European markets and the drug industry.

Zeneca said it had made the announcement, which came after the close of the London market, in response to "recent speculation." Astra subsequently confirmed the merger talks, but neither company was immediately available for further comment.

Zeneca's shares closed at £25.50 (\$42.13) in London, up 131 pence. Astra's shares in Stockholm closed 4 kronor higher at 146 (\$17.88).

A combined Zeneca/Astra would have a market capitalization of some \$68 billion, based on Tuesday's closing

Zeneca was formed by a "demerger" from Imperial Chemical Industries in 1993. It recently put its speciality-chemicals business up for sale to focus on pharmaceuticals

and agrochemicals. "For them to effectively compete with the Mercks and Glaxos and Pfizers of the world, they have to get bigger," Hemant Shah, an independent drugindustry analyst, said of Zeneca and Astra.

News of the possible deal comes a week after Hoechst AG of Germany and Rhone-Poulenc SA of France said they would combine their drug and pesticide units to form the world's second-largest drug-maker and after Sanofi SA of France agreed to buy rival Synthelabo SA.

(Reuters, Bloomberg)

# Russia Moves to Merge State Oil Companies

its last three state-owned oil pro- cially for a state-owned com-ducers, including RAO Rosnett, to pany." create the fourth-largest oil company in Russia.

the idea" of merging Rosneft, the eighth-biggest oil producer, with AO Slavnest and ONAKO, said minister for fael and energy. The merger, aimed at cutting

costs and improving efficiency, would enable the government to fulfill part of its plan to play a greater tole in managing industries such as of previous governments to increase revenue by selling state assers, though attempts to sell Rosneft and Slavneft this year failed.

Analysts said a successful reorganization was not guaranteed "Russia has a record of not

MOSCOW - The government is not easy to lay off people and shut nies remained unchanged as yet. pressing ahead with plans to merge down loss-making units - espe-

Fuel and Energy Minister Sergei Generalov first floated the idea of The government "is working on merging Rosneft, Slavneft and sia, behind OAO Lukoil, AO Yukos ONAKO at an international oil con- and OAO Surgumeftegaz. The curference in South Africa in October. rent fourth-largest company, AO "In the midst of a slump of oil Tamest, produces 23 million tons

Vladimir Bulgak, deputy prime prices, our main concern is how to per year. reduce production costs," Mr. Bulgak said. "There's a clear reason to create a bigger company. The bigger the company, the more fruit the costcutting efforts will bear."

The three companies and AO Zaoil and gas production and engi- rubezhneft, a Russian state-owned neering. It is a reversal of the policy oil trading and investment company, said Tuesday that they signed 'a memorandum on cooperation and integration" last week.

The companies said they would "coordinate efforts" and "jointly participate in investment projects' in oil exploration, production, trans-

lyst at United Financial Group. "It's ownership structure of the compa-

Combined oil production of the three companies totals about 31.5 million tons (230 million barrels) per year, which would make the new company the fourth-largest in Rus-

In October, Rosnest reported an 80 percent plunge in pretax profit in billion by the end of the month, the the first nine months of this year as Interfax news agency reported, management turnoil compounded problems of plunging world crude oil markets.

Earlier this year, the government canceled the sale of 75 percent of Rosneft after three attempts to auction it failed to attract a single bid. It totaled \$10.8 billion for the first 10 also planned to sell a 20 percent months of the year, or 59 percent of stake in Slavneft, but two attempts target levels, according to Interfax. failed to attract bids.

"The companies have been managed in an extremely inefficient achieving desired cost cuts," said portation, refining and trading. They way," said Boris Sinegubko, oil and Stephen O'Sullivan, oil and gas analyst at Bronswick Warburg.

"The government may take one more chance."

■ Russia's Reserves Dwindle Russia's hard currency reserves

fell 8 percent last month, drained by debt payments and efforts to prop up the increasingly weak ruble. The Associated Press reported from Moscow, quoting officials.

The Central Bank's reserves.

which stood at \$13.6 billion at the start of November, shrank to \$12.5 quoting a bank announcement.

Reserves have dropped by nearly 30 percent since the start of the year, the bank said.

Also Tuesday, the Finance Ministry said government revenues

The government's chronic inability to meet tax collection and revenue targets has been a serious stumbling block in its efforts to reform the economy.

#### Investor's Europe London Frankfurt FTSE 100 Index CAG 40 DAX --- 4400 6000 6100 ( 4100 -5500 5800 ₩ 3800 5000 3500 4500 -5200 3200 ----4000 200 J A S O N D 3500 J A S O N D 4500 Prev. Exchange index Close Change 1,073.51 +0.48 AEX 1.978.35 Amsterdam 3.292.73 3,278.95 +0.42 Brussels BEL-20 4,699.34 4,718.98 - 0.31 Frankfurt CAX 585.83 590.07 0.72 Stock Marke 5,148.57 5,167.09 -0.36 HEX General 480.00 472.00 +1.89 OBX., ··· Oslo FTSE 100 5,615.78 -5,576.70 +0.70 London Stock Exchange Closed 830.03 tiludrid Clased 21994 MIBTEL CAC 40 3,795.41 3,771.22 -0.15 Paris 3,934.66 3,952.31 0.45 Stockhoim Closed 1,139.63 4,309.34 4,338.54 -0.56

اعكادت الدعل

## Gulf Producers Opt to Keep Oil Flowing

world prices, Jami) Hojeilan, the secretary-general of the Gulf Cooperation Council, was quoted as

cut in an interview with a regional television network, the Middle East

Broadcasting Corp. Earlier, officials close to a threeday summit meeting of the six-nation council said the oil ministers had decided to cut oil production starting in March and to ask other producers in the Organization of Petroleum Exporting Countries to join

them in the cuts. The officials, who spoke on condition of anonymity, said the ministers also agreed to ask Mexico, which is not an OPEC member, to

join in curtailing production.

The oil ministers are accompanying the six Galf Cooperation Council leaders at the summit meeting in Abu Dhabi that opened Monday. The Gulf council group inchides Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates. All except Oman and Bahrain are members of

The decision by the Gulf oil min-

halt the slide in oil prices. Instead of agreeing to additional production cuts or to extend pre- measures to restore market balance Saying.

Viously agreed cutoacks, use 11-uaMr. Jamil denied any plans for a tion cartel decided to review the measures for the common interest."

Crude oil prices are hovering near historic lows. The price of benchmark Brent crude oil for January delivery traded at \$10.36 a barrel on Tuesday, up 10 cents from Monday,

when the contract fell to \$9.92. Gulf oil generally sells at a dollar or two less than North Sea Brent, which itself was selling for about \$20 last year.

The Gulf countries, which together sit on half the world's proven oil reserves and depend on exports for nature of the group's most recent 75 percent of their revenues, have meeting. been hard hit by plummeting oil

The officials said that pressure for a decision on production cutbacks came from Saudi Arabia, the world's largest oil exporter. "The main source of our income

has been greatly shaken by the im-balance of the oil market," Crown Prince Abdullah ibn Abdulaziz of Saudi Arabia said Monday. "Such an imbalance requires us

isters comes less than two weeks to exert our utmost efforts inside and ABU DHABI - Gulf Arab oil after OPEC ministers adjourned a outside OPEC," said Prince Abministers decided Tuesday not to cut testy, year-end meeting in Vienna dullah, who is leading the Saudi oil production to shore up depressed without agreeing on measures to delegation to the Gulf council in place of his ailing half-brother, King Fahd. He called for new and serious viously agreed cutbacks, the 11-na- and "not hesitate to take further

#### ■ Indonesia Threatens to Quit

Indonesia said Tuesday it might drop out of OPEC because of the group's inability to stick to promises to cut production, Bloomberg News reported from Jakarta.

Rachmat Sudibjo, head of oil and natural gas technology at the Min-istry of Energy and Mines, told the Antara news agency that Indonesia was disappointed with the divisive

Indonesia's decision is not likely to have a big impact on the oil

It would have little impact on prices," said Tony Alves, an analyst at Henderson Crosthwaite in London. "They produce as much as they consume, and are on the verge of

becoming a net importer of oil."

Still, Indonesia's statement shows OPEC is "on shaky ground," Mr. Alves said.

#### End of Duty-Free To Cost 800 Jobs At Stena Line

STOCKHOLM - Stena Line AB said Tuesday it would cut 800 jobs at its Scandinavian operations over the next year in an effort to reduce costs because of the abolition of duryfree sales in Europe.

This is regrettable but necessary" before the abolition of duty-free sales next year, said Bo Severed, chief executive officer of Stena Line. The action follows a number of measures already taken by the company

to improve profitability.

The move to reduce the work force by about 11 percent affects about 650 on-board per-sonnel and 150 land-based employees, the company said.

Stena said the cuts would apply to routes between Gothenburg and Kiel, Germany, and from Gothenburg to Frederikshavn, Denmark.

Stena receives about a third of its income from duty-free sales, which will be banned July 1.

The company recently restructured its management and started rebuilding ships to handle more cargo.

#### Very briefly:

• Global TeleSystems Group Inc., a U.S.-based company backed by the investor George Soros, agreed to buy Esprit Telecom Group PLC, based in England, for \$985 million, creating a network spanning 19 countries in Europe.

 Mannesmann Arcor AG, one of the biggest competitors of Germany's former telephone monopoly Deutsche Telekom AG, plans to cut charges by as much as 54 percent as a price war in the country's \$59 billion phone market intensifies.

 Saudi Arabia is expected to extend foreign participation in its oil and gas sectors to European as well as U.S. companies. According to Naji Abi-Aad, an adviser at Observatoire Mediterrancen de L'Energie, British Petroleum Co., ENI Group, Royal Dutch/Shell, Elf Aquitaine SA and Total SA would be the most likely candidates to be invited to the discussions along with the U.S. companies Mobil Corp., Exxon Corp., Chevron Corp., Texaco Inc., Atlantic Richfield Co., Conoco Inc. and Phillips Petroleum Co.

• Deutsche Bank AG of Germany plans to sell 1.3 billion euros (\$1.6 billion) of bonds that can be exchanged for shares in Allianz AG to help finance its planned acquisition of Bankers Trust Corp.

 The Group of Seven's deputy finance ministers will meet Wednesday in Paris to discuss financial issues ahead of monetary union in Europe, Kyodo news agency reported. A major topic will be the restructuring of the foreign-exchange system before the introduction in January of the euro.

•Lucas Varity PLC's third-quarter net profit fell to £42 million (\$69.4 million) from £57 million as the British maker of automotive brakes was hit by a charge of £20 million, mostly related to a failed effort to move to the United States. Higher production of cars and trucks in Europe and North America offset some of the decline. Sales rose 5.3 percent.

 Scottish & Newcastle PLC's half-year profit fell 4.5 percent to £214.5 million for the period ended Nov. 1 because of poor summer weather and the ending of a beer-supply deal.

AFP, Bloomberg, Reuters

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# Analysts Taking a Skeptical View of Thai Growth Targets

BANCKOK - The ink is still Japan Ltd. drying on Thailand's most recent. The Thai cabinet signed land's economic reforms and deagreement with the International Bangkok's sixth letter of commit-clared the country's worst-ever fiment to the IMP this week in exnancial crisis almost over. sheady emerged over the country's change for another slice of its \$17.2 Anoop Singh, deputy director of

crisis began in July 1997, will be the percent in real; or inflation-adjusted. first country to emerge from the gross domestic product next year, road, including the challenge of get-Asia's recession is expected in ment.

Scenieric growth next year as the stretch into 1999, and Thailand will ment.

"People rend to expect these difficult bills can be

economist for Industrial Bank of recovery will materialize.

anisacy charged over the country's change for another slice of its \$17.2 Anoop singn, deputy director of ability to meet ambinious growth different package. The package the IMF's Asia-Pacific department, assumes growth of 1 percent in said Thailand was poised to reap the ability to meet ambinious growth different package. The package the IMF's Asia-Pacific department, assumes growth of 1 percent in said Thailand was poised to reap the 1999. But Noil Semple, an analyst at rewards of its painful reforms, with Bangkok-based ABN-AMRO Asia, growth likely to return in the second said he expected a contraction of 2 quarter of next year.

next year," said Shu Tamaru, chief sure, it is unlikely that an export-led strategist at SocGen Crosby, but no Panitchpakdi said last week he was change.

But Thailand still faces a tough

With the U.S. and European fairly nasty or difficult bills can be minus 8 percent growth this year, economies slowing and regional rammed home with zero opposi-and we expect a decline of 1 percent government finances under pres- tion," said Sriyan Pietersz, a

legislation of this type has ever been confident that the laws supporting pushed through Thailand's legisla-

The debate over the legislation amendments to bankrupicy, foreclosure and foreign business laws, in percent last week.

The government said Friday it had reached broad agreement with the government this week will hold opponents in the senate over the a public forum at which ministers bills. Opposition groups in Parlia- will explain the implications of the ment, led by the New Aspiration finance bills. Parry, accuse the government of Total Thai corporate debt to for-selling out to the IMF and risking eign and local creditors stands at as Thailand's economic sovereignty by handing assets to foreigners.

financial and economic reform would be passed by Parliament before the end of the first quarter of

Mr. Supachai, who is also comparticular - sent jitters through the merce minister, promised new forestock market, which plummeted 9.5 closure and bankruptcy laws before

In a bid to make up for lost time.

much as 7 trillion baht (\$194.4 billion), Mr. Supachai said, adding that Deputy Prime Minister Supachai this underscored the need for

#### Tokyo Singapore Hong Kong Nikkei 225 Hang Seng ່າວິນວ່າ :5**00**0 1400C 3000 13603 7000 :3) 5000 J A S O N D 12000 Exchange Close 10.351.08 10.428.82 -0.75 Hong Kong Hang Seng 1,393.61 1,376.82 +1.22 Singapore Straits Times 2,771.70 2,756.10 +0.57 Sydney All Ordinaries Tokyo Nikkei 225 14,868.20 14,723.49 +0.58 -0.76 510.85 514.78 Kuela Lumpur Composite Bangkok 350,27 337.53 +3.74 514.52 -0.91 Composite Index Stock Market Index 7.212.58 7.303.34 Taipei Mande 1.815.85 1.834.36 Jakarta 399.46 Composite Index 398.90 Wellington 1,912.75 1.905.09 +0.40 NZSE-40 Bombay Sensitive Index 2,945.64 2,921.80 +0.82

# China's Factories Pick Up Pace

#### State Spending Spurs November's Growth to 11-Month High

in China grew at its fastest pace in months in November, the State Statistics Bureau said Monday, as government spending spurred factories to increase pro-

Value-added industrial output, the benchmark production indi-cator, rose [1] percent last month from a year earlier, speeded from the 10.6 percent year-on-year increase recorded in October. Output in November totaled 185 billion yuan (\$22.3 billion).

Output at state-owned companies rose 7.2 percent in November, compared with a 6 percent increase in October. But growth at companies with foreign investment slowed to 13.5 percent from 15.1 percent.

Lee Gobin, senior economist at the State Information Center, said increased government spending on infrastructure and lower interest rates had aided the growth. The People's Bank of China reduced rates by an average of half a percentage point Monday.

The fiscal and monetary mea-

BEUING — Industrial output crease in output could be as much omy grew close to 8 percent this as 11.3 percent to 11.4 percent in December.

Independent analysts agreed that the stimulus package had pushed output higher but questioned whether China's economic fundamentals had improved.

"The worrying thing is that the rise in production is the result of government spending rather than increases in private investment and private consumption. said Duncan Wooldridge, a Merrill Lynch economist.

"There are some obvious symptoms of excess capacity, including falling price indicators,

Many companies say increasing output is not producing fatter profit margins.

"Just because we produce more doesn't mean we are selling everything," said Zu Xuechao, director of planning of the trading arm of Baosteel Group. China's biggest steelmaker.

China's economy remains one of the fastest-growing in the world, according to official figsures are expected to continue, ures. The government is expected

omy grew close to 8 percent this year, even as many Asian economies have been shrinking.

The government has maintained growth near the 8.8 percent recorded in 1997 by encouraging local authorities and stateowned banks to increase spending on infrastructure.

Light and heavy industrial output both rose 11 percent last month compared with November 1997, the State Statistics Bureau said. Production of mobile-telephone equipment, for instance, is up 83 percent in the first 10 months of this year from the same period last year.

But some industries still have problems.

"The steel market is still bad," said Mr. Zu of Baosteel. Prices are still falling.

Last month, companies sold 96.59 percent of their output, up 0.62 percentage point from a year earlier. For the first 10 months of the year, the sales-to-output ratio was 95.89 percent, 0.1 percentage point more than in the like

(Bloomberg, Bridge News)

### Very briefly:

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Investor's Asia

• The World Bank said representatives of donor nations meeting in Paris had pledged as much as \$2.7 billion in aid to help Vietnam carry out an accelerated economic-reform

• CSA Holdings Ltd., a Singapore-based computer-services provider, suspended trading in its shares pending an announcement Wednesday. It would not describe the nature of the announcement.

 Apple Computer Inc. appointed Darke Sani, the managing director of Digital Equipment Corp. in Singapore, as managing director for Apple Computer South Asia

• The World Trade Organization said wages and other costs in Hong Kong needed to fall and productivity had to improve to lift the territory's sagging economy. The Japan Iron and Steel Federation and Japan Iron and

Steel Exporters' Association said they had received unfair treatment in a U.S. government investigation of Japan's alleged dumping of steel products. The industry groups said the investigation had been politicized and that Japan had not been given a chance to make its case. • Taiwan recorded its biggest monthly trade surplus in 18

months in November as imports fell more than exports. The trade surplus grew 23 percent from a year earlier, to \$1.58 billion; exports fell 8.6 percent, to \$10.4 billion, and imports dropped 12.6 percent, to \$8.86 billion.

· Malaysia's lower house of Parliament approved a budget for 1999 under which the deficit would widen to 16.1 billion ringgit (\$4.25 billion) from 9.6 billion ringgit in 1998 in an effort to stimulate the economy. AFP, AP, Bloomberg, Reuters

# Struggling Indian Carriers to Merge

Agence France-Presse

NEW DELHI - India's two unprofitable state-owned airlines have decided to merge in three years, the Press Trust of India reported

The chiefs of Air India and Indian Airlines have agreed to set up a company with joint. Air India and find a strategic partner, saying management, paving the way to a merger, the there was little future for the carrier. news agency said.

Air India is the country's international carrier, while Indian Airlines is one of the largest domestic airlines in the region. Both airlines are seen as overstaffed and are notorious for delays. Air India last month asked

the government to help it overcome mounting losses, saying its survival was at stake.

The Indian Express newspaper quoted Indian Airlines' chairman, P.C. Sen, as saying that management had "set the ball rolling for the eventual merger." Air India reported losses of \$67 million for the

year ending in March and a further \$26 million over the subsequent five months.

Top managers of Air India say the losses were mainly due to an increase in interest payments on loans and have argued that the losses should be borne by the government. A national commission in August advised the

government to shed 60 percent of its holding in Indian Airlines lost money for years but pos-

ted a first-ever net profit of 472 million rupees (\$11.8 million) for the year that ended in Analysts welcomed the merger proposal.

Subhra Subramaniam of the brokerage War-burg Dillon Read called the move "inevit-able."

He said: "India needs one strong national airline and not two. It is a good thing to be happening, but the proposal has been there for some time, and what remains to be seen is how it is done."

Devesh Kumar, an analyst at ABN-AMRO Equities, said the decision was "in the right

### **Cheap Taiwan Computer Chips** Harm U.S. Industry, Panel Says

Rloumberg News

WASHINGTON - The U.S. International Trade Commission said Tuesday that it had found evidence that cheap computer chips imported from Taiwan were harming the U.S. industry enough to warrant consideration of punitive duties. The ITC board members voted, 5 to 0, that "there is a

reasonable indication" of injury as a result of sales of dynamic random-access memory chips "at less than fair value." The preliminary ruling is another blow to laiwan, the

world's fourth-biggest chip maker at \$685 million a year, which is already suffering from sagging prices amid a supply glut. Still, the preliminary ruling may have limited impact on Taiwan companies in the short term. "We'll probably benefit from it first." said Stan Shih, chairman of Acer Inc. The chips' prices "may rise in response to the ruling."

In April, the U.S. government imposed duties on makers of

static random-access memory chips in Taiwan and South Korea, leading prices of those chips to climb at least one-fifth amid expectations the companies would raise their prices in the United States, some analysts said. The complaint on dynamic random-access memory chips.

filed by Micron Technology Inc., now goes to the Commerce Department, which will decide whether. Taiwanese companies are "dumping" the chips in the United States.

#### SIGMA: Management's New Theology

Lee Kun Hee, had personally agreed to. leaders clashed with riot police in a

the exchange.

As in all the business swaps that are to shed workers through mergers and planned, however, the hard part begins swaps of their subsidiaries. The As-

produce 240,000 cars a year, but the of President Kim's party.

company has sold just 41,277 cars since Several workers were hauled off by the

beginning regular production in March. police, but no injuries were reported.

Trade union leaders fighting with riot police in Seoul on Tuesday.

CHAEBOL: Slow and Painful Slimming

Continued from Page 17

Continued from Page 17

lights of the agreement Monday. The

agreement states that the two groups

will finalize an implementation plan

which will in effect transfer Samsung's

antomobile business to Daewoo and

Daewoo's electronics business to Sam-

Reminded of the approaching dead-

line, Kim Tae Gou said the agreement

meant that "until that date we will dis-

cuss the procedures." Only then, he

said, could the groups get into details on

Lee Hun Jai, chairman of the gov-

emment's Financial Supervisory Com-

mission, said the chairman of the Dae-

woo group of companies, Kim Woo

Choong, and his counterpart at Samsung,

when the groups begin bargaining over

the assets and debts of their troubled

companies. The Samsung group invested \$2 billion in a facility designed to

'conditions' for the transaction.

sung by Dec. 15."

Here is an example: Say a customer wants to be billed on the same day each month. With Six Sigma, making that happen means analyzing the interaction of everything involved in processing that customer's order.

When and how does the sales department send through paperwork, and at what point does a difference in days, hours, even minutes, have an impact on when the bill goes out? Does it make a difference when shipping coordinates with billing? How long does mail sit in the mail room, and at what point does it

Once everything is quantified, the what-if scenarios begin: Would a stricter paperwork processing schedule it; these make mail-room bottlenecks in event? Would adding a person in accounting give the mail room an extra hour's legura?

hour's leeway?
In principle, Six Sigma is little dif-ferent from the type of analysis that Fre-derick Taylor, the industrial efficiency pioneer, might have performed with stopwatch and notebook a century ago. But in Six Sigma analyses, there are thousands of permutations and combinations -probably too many for the human mind to fathorn, although easy enough for even a moderately speedy computer. Thus, made Six Sigma a practical way to identify the optimum configuration of most

products or processes. the organization to work together on improving the end product, not just their individual piece of it," said Frank Jones. a Six Sigma specialist at the management consulting firm Booz-Al-

len & Hamilton. In the case of the new GE Medical Systems product - a superfast diagnostic scanner called the Lightspeed 200 people spent nearly three years and almost \$50 million to run 250 separate Six Sigma analyses. While one team was checking out the reliability of measurement devices, another was figuring out which factors affect the scanner's life, while yet another was dissecting the deality into factors that could be massaged to filter out picture-blurring

The Lightspeed, like many diagnostic electronic noise. scanners, employs computed tomo-graphy or CT. CT scanners work by sending electromagnetic waves through the body and recording the amount of

energy that comes out.
Since various tissues and organs ab-

sorb energy differently — bones absorb more than flesh, for example - the emerging waves, in the form of light, yield a good picture of the internal land-scape they have passed through. The scanners let doctors study wafer-thin cross sections of parts or all of a patient's body without making any incision. GE Medical Systems, which already

Mr. Lee of the supervisory commis-

sion suggested the government would

encourage banks to retaliate by cutting

off credit if the companies did not co-

operate. "Maybe a critical bank will take action," he said, in retaliation for

Daewoo, which is supposed to reduce

its number of subsidiaries to 10 from 41,

said it expected to attract \$2.7 billion in

while slashing its debt-to-equity ratio to just under 2 to 1 by the end of 1999.

The plan calls for the debt-to-equity

Hundreds of South Korean union

sociated Press reported.

About 300 labor leaders traded kicks

and prinches with riot police in a half-

hour scuffle near the Seoul headquarters

ratio to shrink to 3.4 to 1 by the end of

this year from the present level of ap-

■ Union Leaders Battle Police

foreign capital by the end of the year

breaking the promise."

proximately 4 to 1.

controls 39 percent of the \$1.6 billion global market for scanners, has high hopes for the Lightspeed.

The new scanner captures multiple mages simultaneously, requiring only 20 seconds to do full-body scans that once took three minutes — important because patients must remain perfectly still during the scan. And unlike pre-vious CT scanners, the Lightspeed does not need to cool down for as long as three minutes between uses.

'The speed is breathtaking, and it ran without downtime from the start," said Dr. Carl Ravin, chairman of the department of radiology at Duke Medical

The Lightspeed is not perfect, of course But Six Sigma enabled GE Medical to anticipate which compromises doctors would accept. For example, the Lightspeed takes slightly thicker scan slices than doctors normally specify, but no one complained because the thicker slices were virtually free of electronic

Six Sigma let us predict the amount Six Sigma gets people from all over of variability that customers will tolerate before they perceive it as a defect, "said Marc Onetto, who oversees Six Sigma projects at Gerns, as GE Medical Systems is commonly known.

Six Sigma itself is not perfect, either, because it cannot compensate for human error. Take what happened when Gerns tinkered with the computer that translates the data the scanner collects into images an operator can read.

CT scanners generate a lot of heat, and the heat often caused the printed circuit boards to overload. A Six Sigma team figured out that by perforating the metal box that holds the boards, they could dissipate the heat. They were right -except that they forgot to check what other impact that change might have.

"You must take it step by step," said Charles Young a Gems spokesman who has been steeped in the process. "You get into woulde if you compromise the rigor of the process. You can't skip steps

### Thai Lender **Seeks State Aid** As Debt Grows

BANGKOK - Siam Commercial Bank PCL, facing mounting loan defaults, said Tuesday that it would seek a bailout from Thailand's central bank by

swapping new shares for much-needed Thailand's fourth-biggest bank be-comes the first lender to seek state aid voluntarily in exchange for ownership control, under a finance industry rescue

program unveiled in August. Siam Commercial said it wanted to raise at least 22 billion baht (\$612 million) of capital, half from the state Financial Institutions Development Fund and the rest from existing shareholders. led by the Thai royal family's Crown Property Bureau and Sanwa Bank Ltd.

Japan. "I have talked with Sanwa and the Crown Property Bureau, and they agreed to support us in a capital increase," said Siam Commercial's pres-

ident, Olam Chaipravat.
Mr. Olam said the new shares would be split between the FIDF and current shareholders, the latter through a rights offering. When complete, the FIDF would become the largest shareholder

Siam Commercial is the first bank to say it will seek equity capital from the government-funded program, developed in conjunction with the International Monetary Fund and World Bank. The government shuttered or seized

two-thirds of the country's finance companies the last year, as the property and share markets plunged, the currency devalued and recession crippled the banking industry. Though almost all Thailand's remaining lenders need more capital to

quirement of the program is existing shareholders' equity must be written off against bad loans. An equity-for-capital swap also em-

seek government help because a re-

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Established in Germany, Brussels,
Peris, USA
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# Investors Find Buying Drug Stocks Has No Side Effects

ment health programs.

By Marthe Fourcade

PARIS — Can you remember a better time to buy drug shares? Many investors

say they can t. The cost pressures that prompted drugmakers last week to announce the two biggest European linkups since Ciba-Geigy AG and Sandoz AG formed Novartis AG in 1996 have not relented, and investors said they were gearing up for a rash of mergers that may involve Astra AB of Sweden, Novo Nordisk AS of Denmark, Ge Schering AG of Ger-

man and Zeneca Group PLC of Britain. While that is a gamble, investors said it was a safe one because the prospect of slow economic growth suggested such investments would pay off anyway: Drug shares tend to be among the least sensitive to economic swings because, when times are hard, consumers cut back on nonessentials such as perfume and clothing rather than on medicine.

'Merger prospects add spice to what

was already a good investment," said Group in Burlington, Vermont.

As recession in Asia and parts of Eastern Europe and Latin America threatens to choke European economic growth, investors said, pharmaceuticals are a good way to cushion the blow.

Drug stocks are a bit like an insurance said John Hatherly, a manager at M&G Investment Management Ltd. You can't afford to be out of them."

Signs that European growth is slowing prompted the European Union last month to cut its 1999 growth forecast for the 11 countries adopting the single currency to 2.6 percent from 3.2 percent. Consumer spending alone accounts for two-thirds of most European countries' gross domestic product.

But drugs are as recession-proof a consumer product as there is. "I'd cut back on makeup and clothes, but I can't imagine a situation where I'd stop buy-ing medicine," said Magali Etienne, a suburban Paris mother.

forces, analysts said. As tax revenues fall along with company profits, most countries are also trying to cut delicits. Spending on health care — a mounting expense in developed countries - is one of the key areas where they seek to cut costs, by capping or lowering drug prices and looking to restrict govern-

The tie-ups announced last week are also bound to serve as a wake-up call for many other drugmakers that need to cut costs and bolster their drug pipelines to compete better in the \$242 billion industry, according to investors. Pressures to merge and the expectation of slowing economic growth prompted Olivier Le-fevre, a manager at Monte Paschi Banque in Paris, to increase to 15 percent the proportion of his portfolio de-voted to drugs from less than 10 percent hefore the summer.

Alan Day, a manager at Stratevest the pressure on drugmakers to join climbed more than 30 percent in a month emerged from an earlier wave of inon merger speculation when the companies said last week they would join forces to create Europe's top drugmaker. Shares in the French drugmakers Sanofi SA and Synthelabo SA, which said the same week that they planned to combine to create the European industry's ninthbiggest company, had risen about 20 percent in the two months leading up to

> may drive drugmakers to consider a merger or takeover; money, access to successful drugs and marketing reach.

Some are looking for a partner that can afford to pump money into research. A merger with Synthelabo would allow Sanofi, which has 21 compounds in clinical development, to benefit from its own research instead of looking for marketing partnerships to help shoulder the cost of product development, analysts Shares in Rhone-Poulenc SA and said. Increasing research budgets also Hoechst AG, the biggest drugmakers in raise the chance that smaller companies

European governments are increasing France and Germany, had already can compete with the heavyweights that dustry consolidation such as Novartis and Glaxo Wellcome PLC.

Others need to bolster their pipeline of existing drugs: Novo Nordisk, for example, is looking to reduce its reliance on treatments for diabetes - it is the world's largest maker of insulin. on which many diabetics rely. In September it had to abandon development of its osteoporosis drug levormeloxifene,
Analysis pointed to three needs that which it had hoped would help widen its range of successful drugs, and now analysts say joining with another company

may be the best way to do that. Sometimes, even companies with the most popular products need outside help. Analysts said Astra needed to widen its range of drugs before the parent for its ulcer meanment Losec, the world's No. 1 prescription drug, expired in 2001.

Others seek a bigger marketing network to promote their products. Analysts said Schering, the world's largest maker of oral contraceptives, would benefit from a better reach in the United States, the most profitable market for drugs. Some companies decide to combine

because they are looking to solve all three problems at once, as analysts said was the case with Rhone-Poulenc and Hoechst. While medium-sized drugmakers are the most likely merger candidates, ana-

lysts said they were not the only ones. "There is a group of larger companies that are edging gingerly down that route but can afford to wait until they find the right mate," said Robin Campbell, an analyst at Paribas Capital Markets in

London. Those include Glaxo Wellcome and SmithKline Beecham PLC, which held merger talks this year.

Investors said mergers in the drug industry tended to go down well with shareholders because companies could argue that they were in a business where profits were growing and that they could nhance their growth prospects by combining. Sanofi and Synthelabo, for example, were expected to report doubledigit profit growth this year and next even

before they said they would join forces. 'The oil mergers we've seen were mostly a cost-cutting exercise" to cushion a drop in earnings, said Plum Shipton,

Very briefly:

• E\*Trade Group. Inc., the No. 2 online trading company, said Tuesday that customers could now trade bonds through its Web site, www.etrade.com The E\*Trade Bond Center is providing market data and the ability to place on-line orders for U.S. Treasury, corporate and municipal bonds.

Morass: H

• Steven Green, the U.S. ambassador to Singapore, warned Tuesday that recent optimism buoying markets in Asia was unfounded and that the region must contiane attempting economic and political reforms to spur a recovery in growth rates. "I see no fundamental change in Asia over the past 90 days to justify a sustained rally in the financial markets, much less to sustain economic growth in the years ahead." Mr. Green said.

• The World Bank and European Investment Bank are considering their first sale of bonds denominated in Singapore dollars to help develop Singapore's local debt market. International Finance Corp., the World Bank's private-sector. lending arm, in October became the first development bank to sell such bonds. with a sale of 300 million Singapore dollars (\$181 million).

 The Hong Kong Stock Exchange said Tuesday that it would join other major companies in freezing the salaries of its 450 employees next year. The economy is not that good. a spokesman said. There has been a flurry of layoffs and salary freezes at Hong Kong companies. • Caisse de Depots & Consignations. France's largest institutional investor, aims to start managing assets for Japanese pension funds in January. The governmentaffiliated concern opened branches in Japan in October, part of a rush of foreign financial companies hoping to expand there as Japan's markets are deregulated.

Merrill Lynch & Co., the largest U.S. brokerage, has lost at least three senior members of its fixed-income staff in Asia in a shake-up that former employees said ...

would continue through the week. • Potash Corp. of Saskatchewan's purchase of 9 percent of Israel Chemicals
Ltd. sent shares in the Israeli company up
6 percent Tuesday as investors speculated
on whether the world's largest potash
producer might seek control. The offering was the biggest ever on the Tel Aviv Stock Exchange, bringing in 1.2 billion shekels (\$290 million) for the Israeli government. which sold its 3L5 percent stake in the a European equity strategist at Merrill which sold its 31.5 percent stake in the Lynch & Co., "whereas in pharmaceuticals, the emphasis is on faster growth." which sold its 31.5 percent stake in the company. The shares closed at 377 shekels, up 22.

Blownberg, AP. Remero

# Western Firms Look for Bad-Debt Bargains in Asia

HONG KONG - South Korea and Thailand plan to auction billions of dollars of bad loans and foreclosed real estate this month — and companies including Goldman. Sachs & Co. and General Electric Co. are likely to try to

snap up bargains. The countries plan to auction as much as \$10.5 billion in assets, but analysts say the sale will not bring the revenue

the sellers are hoping for.
"I think they'll be successful in terms of selling the assets," said David Roche. president of Independent Strategy Ltd.,

a London consultancy. "But I think that in the case of Thailand in particular the percentage which they'll get -- in other words, how much people pay compared to the original value of the loan - will be much lower

than what people are expecting." South Korea will auction as much as \$500 million of bad loans and real estate starting to shun traditional stocks and

The success or failure of that sale will company or picking up some of the be closely watched, as bidders hope to countries' distressed debt.

Malaysia early next year.

International investors spent more ment prices that they will be able to than \$1 billion buying private equity follow in Thailand next week and in stakes in companies in the region during the first 10 months of the year, with Malaysia's Pengurusan Danaharta about \$566 million of that committed Nasional Bhd., a financial restructuring between June and October, according to annualized return of 20 percent in five agency, has bought 1.06 billion ringgit Asia Pacific Equity Bulletin, an industry years, he said.

Foreign investors are starting to shun traditional stocks and bonds in favor of buying directly into a company or picking up distressed debt.

\$278.5 million) of bad loans and may buy an additional 12.78 billion ringgit.

Those assets are expected to go on sale early next year. As recession-plagued countries across Asia court foreign investment, million. the investors, including companies such

bonds in favor of buying directly into a

South Korea has been the favorite place for private equity investments buying large chunks of shares that are not publicly traded - attracting \$319

Still, the more successful foreigners as Goldman and General Electric, are are at negotiating their purchases, the longer it will take countries to recoup the money they need to revive their shrink- in that auction this week and was reing economies and recapitalize hundreds of insolvent banks.

vestors will probably pay 30 cents on the dollar or less for the loans and property on offer, Mr. Roche said.

That should translate to an ultimate

"The plus side is, you do get the assets sold." Mr. Roche said. "You do realize the money. You do in effect get rid of some of the bad loans in the banks. 'The negative side is that of course what it means is that the market says, 'Hey, the recovery rate is actually much lower,' and therefore the damage to the banks' capital is actually much

Goldman Sachs and General Electric are reported to be interested in buying as much as \$600 million of real estate in South Korea, much of it foreclosed collateral from bad loans.

Henry Cornell, a Goldman managing director, said the firm would participate viewing the assets that were being put on

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#### INTERNATIONAL INVESTING

# Merger Morass: History of Big Takeovers Isn't a Pretty One for Investors

By Gretchen Morgenson New York Times Service

NEW YORK — A year ago, the stock of U.S. Office Products Co. was a star. The company had just reported surging sales and earnings for the quarter. Its shares had more than quadrupled since going public two and a falf years earlier.

It was a magnificent performance from a company selling the mandane: paper clips, note pads and swivel chairs. U.S. Office Products had wanted to be the leader in its field, so it had followed the lead of much bigger companies in and indirectly, to top management industries as varied as retailing, banks or That is because the deals often help

health care: It bought the competition. Amid acclaim from investors, U.S. Office Products acquired hundreds of mom-and-pop office-supply stores, and in one year its sales rocketed to \$2.8 billion from \$702 million.

But being big has lost its luster at U.S. Office Products. Sales growth has slowed, and the company has just announced a quarterly loss of 11 cents a share. Its stock has tumbled almost to half its offering price.

In early trading Tuesday, the stock was at \$5.375, compared with its offering price of \$10 on Feb. 15, 1995. In a month dominated by mergers of enormous banking and oil companies, not to mention the purchase by America Online Inc. of Netscape Communications Corp., the story of U.S. Office Products is a small but cautionary one. Even as the executives of Exxon Corp. and Mobil Corp., and those of Deutsche Bank AG and Bankers Trust Corp., contend that their marriages will create a "best of breed," the history of mergers is often not pretty for shareholders.

Although stocks of some acquirers may rise on the news of a combination, a variety of studies show that over the longer term — one year or more — most mergers result in stocks that trail those of other companies in their industry. Many mergers result in actual losses for

Furthermore, the odds of shares underperforming in current mergers are almost certain to increase going forward,

given today's sky-high stock prices. When the price of premiums to the acquired company's shareholders and the costs of integrating two companies are added, such lofty prices make it

bring benefits to shareholders.
"In some individual mergers, it could be that size is helpful in meeting world market demand," said Richard Sylla, professor of economics and financial history at New York University's Stern School of Business. "But a lot of history shows us that bigger isn't necessarily

The merger wave is particularly risky to shareholders because many deals are not only about what they can deliver to the customers or the shareholders but also about what they provide, directly

executives keep their companies' stock prices high — at least initially — by increasing revenues, essentially making the companies grow faster than they could have done on their own, some analysts and academics contend. Among more aggressive managements, acquisitions allow them to perform accounting that helps make their financial statements appear sounder than they actually are.

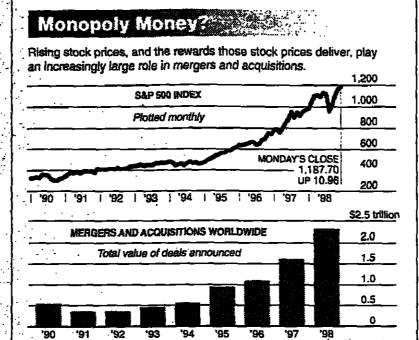
That does not mean, of course, that a number of mergers are not driven by necessity. In a world awash with cheap oil, for example, combining Exxon and Mobil to cut costs makes sense to many

Outside the oil patch, many of today's corporate combinations are necessitated. by too much competition. Too many goods produced by nations around the world that are embracing capitalism for the first time means that an increasing number of established companies are finding it hard to raise sales or profit

The solution has been to get bigger, even if it means joining forces with a company that used to be a competitor. To the degree that mergers reduce excess capacity, they do provide a benefit. But since these combinations also usually involve huge layoffs, these benefits do not come cheaply.

These forces have made 1998 a banner year for mergers. So far this year, 23,926 deals have been announced or completed worldwide for a total value of \$2.31 trillion, breaking last year's record of \$1.6 trillion of deals. In 1994, there were 19,166 deals with a value of \$560.3 billion, according to Securities

This growing appetite for deals has been whetted by the stock marker.



Chief executives' obsessions with ever-rising stock prices, and the rewards those stock prices deliver, play an increasing role in merger mania today,

some academics say. High-priced stocks make mergers easier than ever. For chief executives faced with slowing internal sales growth, an easy solution is to bolster revenue by buying another company.

About 70 percent of the value of merers and acquisitions today is paid for with stock, according to Mark Sirower, professor of mergers and acquisitions at the Stern School of Business.

Ten years ago, by contrast, 90 percent of such transactions were all-cash deals. Proof that increased stock prices drive merger activity can also be seen in the value of deals done in September, when the stock market was falling: a mere \$51 billion, down from about \$200 billion a month in the spring.

As merger decisions become driven in part by higher stock prices, it is almost certain that more combinations will fail. For shareholders, that is bad news, given that most mergers of the recent past are

already producing dismal returns.
In a study of 100 large deals completed between 1994 and 1997, Mr. Sirower found that two-thirds resulted in immediate and outright losses to shareholders and that the resulting companies

wound up underperforming their industry peers over the long haul. That trend is almost identical to one found in a similar study Mr. Sirower did in the 1980s, Even during a bull market, mergers can undermine stock values. A recent study by Mitchell Madison, a consulting firm, found that from 1995 to 1998, a period of great gains for the market overall, stocks of merged banks underperformed their peers 82 percent

of the time. Such rates of failure are likely to increase in the future because the high prices of most stocks make it even more difficult for executives running the buge combinations to make them succeed.

\*Today, acquisitions require more discipline than ever before because of the overall market value of the firms, Mr. Sirower said. "We're looking at companies now that are so highly valto run very hard just to stay in place."

Even with price/earnings ratios on many big-capitalization stocks at dizzying heights, investors are clearly expecting great improvements from these companies in the future. Add a takeover premium to these prices, and you get expectations that even the most brilliant manager could not hope to meet.

History also has an ominous lesson for shareholders involved in today's megamergers: In the past, the larger the target was, the lower the return to the buyer generally was.

If you overpay for a company that is equal to 1 percent of your overall revenues, whether you overpaid is not going to have a big impact on shareholders, 'said Eli Ofek, professor of finance at the Stern School. 'But if you overpay in an Exxon-Mobil case, it will have a huge impact.

Most acquisitions fail, academics say, because the post-merger company's business cannot support the price paid to forge the combination.

Consider two cases from 1994. One was Novell Inc.'s \$1.4 billion purchase of a rival software producer, Word-Perfect. Less than two years later, Novell sold the company for \$200 million to another software maker. Also in 1994, Quaker Oats Co. bought Snapple, a beverage manufacturer, for \$1.7 billion. Three years later, Quaker sold its acquisition for \$300 million.

One reason that stocks of the acquirer may underperform is that investors realize sheer size by no means translates into higher profits.

Take the drug industry, one that the United States dominates. Three of the biggest drug sellers - Merck & Co., Bristol-Myers Squibb Co. and Johnson & Johnson — have had earnings growth below the 16 percent average growth for the group. The two hottest players at the moment are smaller: Schering-Plough Corp., with earnings growth of 22 percent so far this year, and Warner-Larnbert Co., with 41 percent growth.

Size also has a habit of thwarting innovation. Consider the great innovation that has transformed the telecommunications industry since the breakup

of AT&T Corp. in 1982. But despite the potential burdens of high-priced acquisitions, they do at first provide another way for executives to

ued on their own that they already have keep their stock prices high — through aggressive accounting tactics that make their financial statements appear to be

stronger than they actually are.
Mergers give companies an opportunity to take very sizable write-offs, creating a camouflage to clean up a lot of things on the balance sheet," said Howard Schilit, president of the Center for Financial Research and Analysis in Rockville, Maryland. "Does that drive the acquisition? Probably not, but it doesn't hurt.

Taking sizable write-offs today can make earnings look rosier tomorrow. And some companies use huge restructuring charges that typically accompany mergers as a place to dump regular business expenses, increasing earnings in the process. Because earnings drive stock prices, big write-offs and expense-reduction tricks can be valuable in the short term.

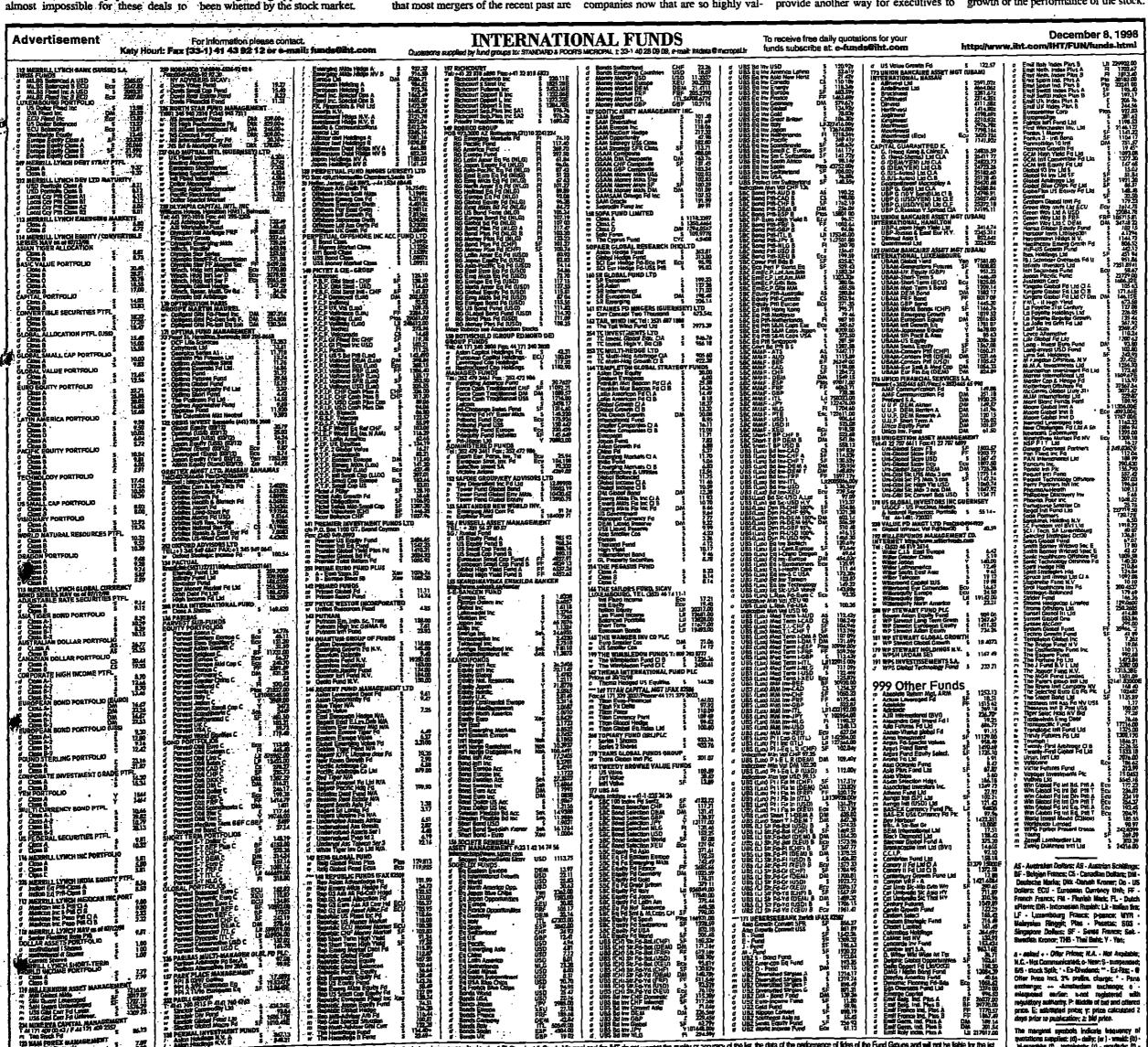
Acquisitions also can bolster a stock another way, at least temporarily. The bigger a company's market value is he stock price multiplied by the number of shares outstanding - the more likely is to attract institutional investors. Their huge and growing pools of capital - pension funds, mutual funds and hedge funds - need places they can go

to generate returns. If a company has billions of dollars in market value, it means getting in and out of the investment is relatively easy for large investors - and ease of entry and exit is increasingly crucial to these in-

The influx of money, then, gives the stock a boost. But big institutional investors can be fickle, and such money can flee the merged company when

earnings growth appears to slow. For the executives in a company being acquired, a merger can mean enormous instant wealth. For example, Lucio Noto, the chairman of Mobil, stands to collect at least S6 million just by leaving if a sale to Exxon goes through and the board approves his "golden parachute" pay package. A company spokesman has said that Mr. Noto's deal to sell Mobil to Exxon was "in the best

interests of the company. But chief executives of the merged companies can also reap a rich reward from an acquisition, because their compensation is typically tied to earnings growth or the performance of the stock.



# Herald Eribune **SPORTS**

#### World Roundup

#### **Paris Joins Bidders** For 2008 Olympics

**OLYMPICS** President Jacques Chirac of France has phoned the International Olympic Committee's president, Juan Antonio Samaranch, to confirm Paris's bid to stage the 2008 Summer Olympic Games, the French Olympic Com-

mittee said Tuesday.
Paris is the latest in a long list of cities to announce their candidacy. Others include Beijing, Toronto. Kuala Lumpur, Buenos Aires, Istanbul, Osaka and Seville, Spain. Cairo is also weighing a possible

China is considered the early favorite. Beijing, which lost narrowly to Sydney in the race for the 2000 Games, announced a bid last week. The IOC will open formal bidding in 1999 and select the 2008 host in Moscow in 2001.

#### DiMaggio Rallies Again

BASEBALL Joe DiMaggio's condition improved dramatically overnight, with his fever gone and his lungs clearing, his doctor said

Tuesday.
"He's remarkably better," Dr.
Earl Barron said. "Don't ask me how or why.

On Monday, Dr. Barron said that DiMaggio had suffered "a significant and serious turn for the worse" during the weekend in his battle back from lung-cancer surgery and that the 84-year-old Hall of Famer was "not in good shape."

Doctors inserted a tube into DiMaggio's trachea on Monday to suction out the infected material.

"He perked up immediately," Dr. Barron said. "His white blood count is down, and the fever was gone last evening. We've been able to lighten up a bit on his medication. He is significantly better." DiMaggio has been hospitalized

in Hollywood, Florida, since Oct. 12, with Dr. Barron heading a team of physicians treating him. DiMaggio underwent surgery to remove a numor from a lung on Oct. 14.(AP)

#### Rangers Drub the Leafs

HOCKEY Goalie Mike Richter and the Rangers continued their turnaround after a slow start to the season, beating the Toronto Maple Leafs, 6-2, at Madison Square Jarden in New York

Richter made 24 saves Monday night as he extended his personal unbeaten streak and the Rangers' team streak to six (5-0-1).

In another NHL contest, Mike Modano, Brian Skrudland and Sergei Zubov scored in the second period as the Dallas Stars defeated the host Calgary Flames, 3-2. (AP)

# **Uncertainty Reigns** In Champions League

Drug Probe Clouds Outlook for Italian Teams

By Rob Hughes International Herald Tribun

ANCHESTER — It is the most sinister backdrop imaginable: LV an Italian magistrate is demanding the medical records of 45 professional players who suffered "suspect deaths" in the prime of life from such causes as stomach tumors, leukemia, heart failure and muscular degeneration. Judge Raffaelle Guarinello's grim

#### VANTAGE POINT

task is to seek or eliminate connections between those deaths and accusations of a drug culture in soccer.

His work may or may not relate to the fact that, for the first time in eight seasons, Italy may not have a team capable of reaching the final of the UEFA Champions League. Juventus needs a minor miracle to progress to the quarterfinal round on Wednesday. Internazionale of Milan has a better chance, but is in utter turmoil on and off

the pitch.
If both clubs fall — if Italy's sevenyear domination is over — the intrusion of drug allegations will take some blame. So will the World Cup, which distracts all major clubs because their players return tired, emotionally spent,

Just look across the Continent for the ramifications of a World Cup year. Not one club is omnipotent; not one has struck a rhythm of convincing form. Real Madrid, the defending champion, has the class, as last week's victory over Vasco da Gama in Tokyo reminded us. Yet Madrid is erratic at home and abroad and by no means a sure bet to beat Spartak Moscow

Internazionale, which beat Madrid, 3-1, two weeks ago and then sacked its coach, Gigi Simoni, is a squad in disharmony. So much so that Taribo West, its big Nigerian defender, angrily tossed his shirt at the new coach, Mircea Lucescu, after being substituted on Sunday Ronaldo can of these manifestal day. Ronaldo, one of those mentioned whenever the creatine drug-debate is heard, continues to look morose and far from fit: Roberto Baggio likewise.

One can imagine Inter beating Sturm Graz in Austria on Wednesday, yet the inner strife, the suspicion that Mircea has been handed a poisoned chalice,

makes nothing certain.

Manchester United and Bayern Munich, contesting the last match of their group in Manchester on Wednesday, are capable of taking advantage in a year racked with doubt. But United, which probably has to win to reach the quarterfinals, has a fully fit squad coupled with an element of broken faith just when to-

getherness is imperative. Less than a week ago, Martin Ed-

lowed Brian Kidd to leave the club. The last time Manchester won the European Cup, in 1968, Kidd was a player, age 19. He has been the No. 2 in team management for the past eight years. But when an offer came from Blackburn Rovers to double his salary, the pleas of United's team manager, Alex Ferguson, to keep his right-hand man were lost.

Ferguson and Kidd operated a fa-miliar tandem at the club level: Ferguson was the boss, the man who bore ultimate responsibility, who courted unpopularity when he had to drop a player. Kidd was the nice guy, the players' coach, the friend, the man who lifted morale when Ferguson (sometimes of necessity) injured egos. In time, the manager will replace his second-incommand in that role, but Wednesday isn't the time.

Nevertheless, United has the opportunity, because of Europe's distracted season, to break the drought that has afflicted English clubs in the big European league for 15 years. In 1984, Liverpool won the European Cup in Rome; in 1985, Liverpool's fighting fans caused a riot that killed 39 Juventus supporters and effectively finished an era of English domination.

Today, with forwards who are effervescent but a defense that is vulnerable, United has quality that could go all the way in Europe. Or it could go out on Wednesday against a Munich team that is old but organized and predatory on the counterattack. With all the uncertainty, might this be

year for a team from behind the erstwhile Iron Curtain to capture the prize? Dynamo Kiev has the technical qualities, the speed and discipline to go far. But it first has to win, or avoid defeat, in Lens, home of the French champions. Kiev should prevail. Traditionally, the Kiev club gets this far and sells off its marketable assets.

While it swears that Andrei Shevchenko and Sergei Rebrov, the goal twins, are not for sale, it has agreed to a \$6.4 million deal to trade Olexander Holovko, its dynamic and strong defender, to Liv-erpool after Wednesday's game.

By then, across the six groups, teams will have given their all to reach the quarterfinals. Some big clubs — indeed some of the self-elected elite pushing UEFA to abandon the concept of fair competition -- will have been elim-

They refuse to recognize, these greedy clubs, that competition is not what you were in the past but what you achieve in the present. Their demands for guaranteed profits will be partially granted Thursday. By then, some of the mighty will have fallen. Weep not for

Rob Hughes is chief sportswriter for wards, United's chief executive, al- The Times of London



Artur Numan of Glasgow Rangers, left, chasing down Diego Fueser of Parma during the teams' third-round, second-leg UEFA Cup match.

# **Lyon Slips Past Bruges**

By Peter Berlin International Herald Tribune

BRUGES, Belgium — Alain Cave-lia scored three times Tuesday night as Olympique Lyon survived a frenzied second half to eliminate Club Bruges and reach the last eight of the UEFA Cup.
Lyon, having taken the first leg at home by one goal, won, 4-3, on Tuesday to advance by 5-3 on aggregate.

In a match between two fluid, neatpassing teams, Lyon always threatened on counterattacks. On one such break,

#### THE UEFA COP

after 15 minutes, Caveglia, Olympique's only out-and-out striker, was tripped by Olivier de Cock on the left edge of the Bruges penalty area. Cave-glia took the free kick, and his low, swerving shot squirmed past Ibrahim Nader, the Bruges goalie, and over the

In the 56th minute, as the Belgian champion pressed forward, Caveglia received the ball on a break. He paused on the edge of the Bruges penalty area and curled a precise shot into the top corner of the goal.

That goal started a barrage of six goals in 17 minutes, as Bruges desperately hurled itself forward, leaving huge spaces for French counterattacks.

Bruges drew level with two closerange goals. Tjorven De Brul scrambled the ball over the line after a corner in the 63d minute, and de Cock scored Bruges'

second goal with a header in the 69th

Two minutes later, Lyon's Steed Malbranque, an 18-year-old who was born in Belginm, broke away down the right side and cut into the Bruges penalty area. His control did not match his ambition, but the ball broke to Caveglia, sauatering in unmarked. He scored easily.

Bruges, on its next attack, scored again. Darko Anic snaked a free kick round the Lyon defensive wall and into

Bruges still needed two goals to advance, and it started throwing players into attack. But before its fans had had time to stop hyperventilating, their team was punished. Lyon again broke down the right and, this time its accomplished playmaker, Vikash Dhorasoo, cut inside and carefully rolled his shot into the corner of the Bruges goal.

Belgian soccer has fallen in recent seasons. This was second time that Bruges, a Champions Cup finalist in 1978, was eliminated in a European cup this season. It lost in to Trondheim in the qualifying round of the Champions League and was the last Belgian team left in European competitions this year. It seems certain that the club will lose its greatest asset, Coach Eric Gerets, to also spend a lot of money. PSV Eindhoven of the Netherlands after this season.

The Associated Press reported: Parma 3, Glasgow Rangers 1 Parma qualified for the UEFA Cup quarterfinals, rallying to a 3-1 victory from a 0-1 first-half deficit, against visiting Glasgow Rangers in their third-round

second-leg match. The Italian team preserved a four-year unbeaten home streak in European cup games on second-half goals by Abel Balbo, Stefano Fiore and Enrico Chiesa. Parma advanced on a 4-2 aggregate

score after a 1-1 draw in the first leg at Glasgow. The German midfielder Jorg Albertz put the Scottish team ahead in the 28th minute with a powerful diagonal drive from the penalty area edge. He had intercepted an erratic pass by the Argentine defender Nestor Sensini, rushed

through the wide-open Parma defense, and sent the ball past Gianluigi Buffon. Parma's second-half rally was made easier by the expulsion of Rangers' Italian defender, Sergio Porrini, in the 45th minute, which forced the visitors to play one man down in the second half.

# NBA Cancels All-Star Game; Players Plan **Charity Event**

The Associated Press

NEW YORK - In yet another sign that the American pro season may never begin, the National Basketball Asso-ciation on Tuesday canceled its annual All-Star Game. Mayor Edward Rendell of Phil-

adelphia, where the game was to be played, said that Commissioner David Stern telephoned him with the news and was to make the announcement later Tuesday at a news conference in New York. The game had been scheduled for

'That's the only landmark left," the NBA deputy commissioner, Russ Granik, told USA Today. "I hope the players haven't been convinced that the owners would never cancel the whole

A league source, speaking on the condition of anonymity, said the NBA was negotiating with Philadelphia to soften the impact on hotels, which blocked off \$3 million in rooms for the weekend.

Meanwhile, the player agents David Falk and Arn Tellem announced Monday that an exhibition game involving locked-out NBA players was set for Dec. 19 in Atlantic City, New Jersey with the proceeds going to charity and to players in financial need.

But Falk's most famous client, Michael Jordan, won't be playing.
"Michael has said he won't make a

decision about returning to professional. basketball or retiring until the lockout is over," said Curtis Polk, president of Falk's sports management company.

We did talk to Michael about the game, obviously, and Michael feels he needs to stand by his earlier statement that he'll wait for a resolution of the lockout before he makes that decision. He wouldn't want to send the fans a sort of mixed message by his participation in

Jordan's absence didn't stop the At-. lantic City organizers from pricing their game extravagantly. Tickets will cost from \$25 to \$1,000 for courtside seats, and organizers hope to raise at least \$1

None of the players will be paid, and no criteria have been established for determining which players will share in the proceeds.

If you look at people who play professional sports, not a lot of them are financially secure." said Patrick Ewing. president of the NBA players' union. They make a lot of money, and they

"Me, I'm financially secure, but there a lot of others who aren't. Our objective is to belp these people. No matter how much money they've made throughout their careers, if they're in need now, then it's up to us to try and help them," Ewing said.

Thirteen players are committed to play, and organizers hope to have a total of 16 players who were members of the four Dream teams - the 1992 and 1996 Olympic teams and the 1994 and 1998 World Championship teams.

Those who have committed to playing in the game are: Ewing, Kaire Malone, Penny Hardaway, Tim Hardaway, Allan Houston, Reggie Miller, Alonzo Mourning, Tom Gugliotta, Gary Payton, Dominique Wilkins, Vin Baker, Glen Rice and Mitch Richmond

Mourning said the players were not asking for the fans' sympathy and added that few people realized how many financial obligations players have. The lockout, now 23 weeks old, has caused the first two months of the season to be scrapped. No new negotiations are

BALTHMORE—Agreed to terms with the Clark on 2-year contract and with 28 Jan Clark on 2-year contract and with 28 Jan Clark on 2-year contracts. Named Tony DeMocio, director of scouling and Bob Schoeler major league

# China Sustains Lead in Gold, Adding a Weight-Lifting Record

The Associated Press

BANGKOK - China blitzed into the Asian Games gold medal lead on Tuesday with another weight-lifting world record, a lengthened winning streak in gymnastics and a diving

For the second consecutive day, a Chinese woman broke a weight-lifting the 53-kilogram division, Yang Xia ierked 120.0 kilograms (264 pounds), breaking the mark of 117.5 set by Wang Xiufen of China last month, and lifted a

total of 212.5, also eclipsing a mark set Jingjing came from teammates.

The Chinese victory in women's men's and women's team events at the Uzbekistan by less than half a point.

The only competition for the medalist, Irina Vyguzova of Kazakh-Chinese divers Tiang Liang and Guo stan, in first place.

MEN'S 406-METER NEUVIDIAL MEDILEY

1. Takahiro Mori, Japan, 4:20.98; 2. Xiong Guarniog, China, 4:22.57; 3. Ratapong SirIsnort, Tholoman, 4:24.15;

MEN'S 106-METER BUTTERFLY

1. Telashi Yomanoko, Jopan, 53.34
9-soonde; 2. Zhang Xion, China, 54.40; 3. Han
Kyu-Cinal, South Korea, 54.83.

\*\*\*ROMEN'S 206-METER FREENTYLE

1. Tsoi Sho-mio. Toiwano, 2 attantes, 0.89

Sochito Yomoda, Japan, 243,14, women's 200-METER BREASTSTROKE. 1, Masami Tanaka, Jap., 228,44; 2, Qi Hui, Chi., 228,7; 3, Junko Isoda, Jap., 237,39.

Säver — Kim, Hye-sook, SOuth Korea Bronze — Li Ying, Chi., and Kazue Nagal, Jap. WOMEN'S 57 KB.OS Gold — H. Erdenct-Ot, Mangalia

Silver - Shen Jun, China Bronze - Kie Kusakabe, Japan, and Jung

BILLIAND AND SHOCKER

Bronze - Chen Kwok-ming, Hung Kong TALKWONPO

WOMEN'S LIGHTWE Gold -- Lee Sun-hee, South Korea

Silver — Hişu Chik-ling, Taiwan Bronze — Maella Sy, Philippines, and Yariko Okamala, Japan.

WOMEN'S FLYWEIGHT women's FLYWEIGHT
Gold -- Tang Hui-wen, Talwan
Silver -- Usa Sindapajam, Thalland
Branze -- Yuan Gaira, China, and Juana
Wangsa, Indonesia

MEN'S LIGHTWEIGHT

Cold — Kim Byung-uk, South Kores Silver — Sung Chen-hsien, Tahwan Branze — Kriengkroi Norkers, Thalland, and

MEN'S FLYWINGHT Gold — Sairtyo Rohadoni, Indonesia Silver — He Nhat-Thong, Victness Bronze — R. Abratique, Philippine

**HOMEN'S TEAM** 

Chica. (Liu Xuan, Meng Fel. Kui Yuany-uan, Bi Wenjing, Ling Jie, Xu Jing), 154 174
 Jopan (Rius Sagawara, Mino Hashiguchi, Ayaba Kibansun, Salami Yumanada. Yaki Ohata, Eri Okumolo), 145,812; 1. Kazaissian,

WOMEN'S 52 KBLOS Gold — Kye Sun Mui, Narin Korea

Sing-sook South Kores.

MEN'S 73-leto Geld — Hallum Boktbachan, Mang Silver — Kenzo Nakamura, Japan Bronze — Andrei Shturbabin, (

and Kim Dae-Wook, South Kerea

Tsoi Shu-min, Taiwan. 2 minutes, 0.89 nds; 2. Oln Calni, China, 2:01.75; 3.

ASIAN GAMES

team gymnastics gave that nation its He had a perfect 10 from one of the seven seventh consecutive sweep of both the judges on the ninth of his 10 dives. Guo pulled steadily ahead of Yang world record. On her way to the gold in Asian Games. Japan captured silver, Lan, although the crowd did not share and Kazakhstan won bronze, edging in her triumph as the scoreboard at the end erroneously showed the bronze

There was nary a Chinese gold in the by Wang — 210.0.

Le Maosheng of China won gold in the men's platform diving.

the men's 62-kilogram weight-lifting

Tiang pulled away from Huang Qiang late in the men's platform diving.

swamped in the 1994 Games by a drugtainted Chinese squad, won four of the

night's races and Taiwan took one. South Korea won three golds -- one

in the debut Asian Games sport of seven-man rugby, where it beat ar-chrival Japan, 29-14, in the final, and two in its native combat sport of tack-

After two full days of medal com-petition, China led with 13 golds, Japan had 12 and South Korea eight.

## SCOREBOARD

#### GAMES

Asian Games TUESDAY IN BANGKOK, THAILAND CLATING

Wromen

1. Mc Yanping, Chi, 2 hours, 7 minutes, 28 seconds; 2. Kanako Kabayashi, Jap., 211:45:
3. Cost Singpoiltent, Thoi. 2:17:34.

1889. Akthito Udogawa, Japan, 2 hours, 5
minutes, 7 seconds: 2. Suraja Jirajwang,
Thoiland, 2:12.00; 3. U Fuyu, Chino, 2:13:10.

SHOOTING CWENTS 10-METER AIR PISTOL

1. Dina Aspondiyarova, Kaz. 486.4; 2. Cai Yeging, China 486.6; 3. Ren Jie, China 484.6. 1. Chino (Coi Yeofog, Ren Jie, Tao Lono), 1,151 points: 2. Kazaistan (Dina Aspandi-yarous, Yujia Bandareva, Galina Balyareva), 1,148: 2. South Kome (Kim Mil-Jong, Ko Jin-saak, Boo Soon-hee), 1,123.

MEN'S SKEET norvebUA 1. Sergel Yakshir. Kaz., 149: 2. Abdullah Al-Roshidi, Kowali, 145: 3. Li Xu, China, 145.

TEAM

1. Kowell (Abulleh Al-reshidi. Tumi AlReshidi. Saleh Al-methin). 356 points; 2.
Ching (L)Xu, Xindong Zheng, Chen Dangle).
355; 3. Kazekstan (Sergei Yakshin, Sergei MEN'S RIPLE PROME

REPRODUEL

1. Igor Pireksey, Turkmenistan. 697

Majcharcheey, Thalland, 693.3: 3. No.
Ro. Japan. 691.1. nistan. 697.2; 2. T. 93.3; 2. Macki Kur TEAM Thalland (T. Majchurcheep, N. Yavilas-pradit, Samarn Jongsak), 1,758: 2. Kyrgyz-sten (Yari Lomau, Tachir Ismajiav, Alexander Barchenko), 1,752: 3. Onino (Li Wenie, Ning

Liffo, Yu Bo), 1,751. DIVING WOMEN'S THREE-METRE SPRINGBOARD
1. Guo Jingling, China, 547,47 points; 2.
Yang Lan, China, 510,84; 1. Irino Vyguzova,
Kazakstan, 489,99. MEN'S 10-MEYER PLATFORM

1. Tion Liong, Chi., 657.66: 2. Huong Qiang,
Chi., 574.02: 3. Pichi Suchert, Thai., 559.89.

SWIMMANNE

SWIMMANNE

MEN'S 4-200-METER FREESTYLE

1. Jopon (Flore Hidealt, Shonsole: Dis. Shosole:

Ito. Yissule: Ichiloredi. 7:20:35; 2. Chile: (Desp.
Gingsong, Sie De. Worrg Chura: Xiang Gestraing). 7:3411; 3-54th Kores (Han Kin-shin, Koh
Yun-ho, Woo Cheol, Kira Bong-hyun). 7:3637.

 Yang Xia, China, 215.5 kilos (world record); 2. Li Feng-Ying, Taiwan, 202.5; J. Swe Swe-win. Malaysia. 197.5.

1. Le Moesheng, China, 305 kilos; 2. Draffri Lampkin, Kazalaska, 287.5; 3. Hirushi ike-SEVEN-MAN RUGEY FIXAL South Kerea 29, Japan 14 THIRD PLACE

#### Tholland 19, Talwan 5 ICEHOCKEY

NHL Standings ATLANTIC DIVISION
W L T Pt. GF
y 15 7 2 32 66
io 12 8 4 28 64
10 7 7 27 7i

N.Y. Rangers 2 2 2 2—6
First Parlos: T.-Modin 7 (SundinThomas). 2, New York, Knoble 4 (Sondstrom,
Samuelsson) 2, New York, Harvey 8 (Garoes)
Second Period: New York, Sundstrom 6
(Knoble, Nedvedi, 5, New York, Leetch 6
(Nedved, Sundstrom) 6, T-Berezin 8
(Yustkerich, Thomas) Third Period: New
York, Nedwed 1 (Conthol 8) York Nedwad 3 [Knoble) & New York MacLeon 10 (Shevens, Grebby) State on goat: T. & 10-8—26, New York 9-11-9—29. Goalles: T. Joseph. New York, Richter.

First Period: C-Ward 2 (Smith, M iecond Period: D-Modano 8 (Matrichus. (come) (pp). 3. D-Skrudland 2 (Contompess. Reidi 4. D-Zubov 3 (Langenbrunne Leitlinen) (pp). Third Period: C-Wiemer (Dubirsky, Monts) Missed penalty shat—Modana, Dat, second. Shots or goal: D. 11-17-4-32. C- 7-8-10-25. Gualles: D-

# FOOTBALL

NFL STANDINGS EAST W L T Pd. PF PA 9 4 0 492 347 230 9 4 0 492 347 230 8 5 0 415 285 245 8 5 0 415 301 242 2 11 0 154 227 344 CENTRAL 10 3 0 769 348 269 7 6 0 538 275 251 7 6 0 538 233 241 5 8 0 385 219 263 2 11 0 154 217 354 WEST 13 0 0 1,900 436 227 7 6 0 538 224 27 6 7 0 462 256 242 5 8 0 385 297 294 5 8 0 385 201 271 Tunner 77, Villanova 77, Auburn 66, DePaul 53, Tenes Christian 47, Obio U. 38, Cail, of Charleston 34, California 27, Georgia Tech 24, Charleston 34, Carliamin 27, Georgia Tech 24, Penn 24, Southern Cot 24, Wisconsin 18, Microl, Ohio 17, Microl 16, Marroy St. 10, Rhode Island 9, Creighton 7, Son Francisco 7, Marryahis 4, Missinsippi 4, Did Daminion 4, N. Artono 2, Novy 2, South Florida 2, Bolse St. 1, 8 5 0 .615 328 239 6 7 0 .462 270 331 5 8 0 .855 219 226 4 9 0 .308 244 357 3 10 0 .231 125 291

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BASKETBALL

#### THE AP MEN'S TOP 25 Top 25 years in Associated Press' spileou lexical poll, with 1st-place votes in intheses, records through Dec. 6, total

1, Connecticut (53) 2. Maryland (17) 1,3]1 3,083 15. UCLA 571 535 478 22. Automosos 5-2 174 19
24. Automosos 5-2 174 19
24. Mannesota 5-6 170 25. Utoh 4-7 141 21
Ottases receiving voles: Georgia 116,
Florido 58. Xanier 93. Perm 51, 98. Oblohomo

19. Nebruska 20. Pena St. MONDAY RESULTS Mex

4. Louisiana Tech 5. Georgia 6. Norte Dame 7. Norte Carolina 0. Old Do Others requiring votes: Memphis & Clara 35. N. Carolina St. 31, 18in Australia 2. A. Marquette 25, Stanford 23, Wisconsin 22. Colorado 19. Fila. International 18. Duquesne 12, Kentucky 11. Arkansas 51. 10. Northwestern 7. Autona 6. LSU 5. Oklahama St. 5. Utah 5. Howelf 4. Vanderbitt 4. Ohio U. 3. Stephen F. Austin 3. Autona 1. Indiana 1. Washington St. 1. U.S. COLLEGE SCORES

THE AP WOMEN'S TOP 25

that poll, with first-of

Top 25 mems in Associated Press' wor college basketball poll, with first-votes in parentheses, records through 6, total points and previous ranking.

. Connecticut (38)

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Moth ended in 5 drow.

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SOCCER **UEFA CUP** TIARO AQUNO, RETURN LEG Rect Betts 1, Bolonna (

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Lyon won 5-3 en aggregate.
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TRANSITIONS TAXEBALL. MAJOR LEAGUE BASERALL

scout.

CLEVELAND—Agreed to terms with OFMark Wither on 1-year controct.

DETEOTY—Claimed RHP Bryan Corey off
waters from Artzona. Designated RHP
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EXAMSAS—Agreed to terms with RHP Jeff
Montgonery on 1-year controct. Claimed
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N.Y. MRTS—Traded RHP Willie Blok to De-troit for INF Lee Ronda.

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RELIFIERED Cleveland president Cornets

Policy \$10,000 for comments league said violated their tempering roles.

DALLAS—Released CB Terry Sprape.

Signed LB Brandon Tolbert from practice. squag.

PHILADELPHIA—Pet DT Bill Johnson on injured reserve. Claimed LB Jon Hoskins off waters from Son Diego. Signed 5 Sem Woodson from passive squad. Ralaced Seattle Characteristics.

NATIONAL HOCKEY LEAGUE
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NEW Hoven. AHL.
MASHYALLE—RECORDED RW. Rob Volle—Scripp Houston; IHL.
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BAYLOR Fixed Dave Roberts, looks SOUTH CUROLING - Komed Lau Heltz foot -Named Christ Scale

## **SPORTS**

# For a Change, Tampa Foils Favre to Win Battle of Bays

The Associated Press

TAMPA, Florida — Warren Sapp sat at his locker, spitting tobacco juice onto a towel at his feet and savoring the taste of a victory over the Green Bay Pack-

Sapp, a defensive tackle, and his Tampa Bay teammates had sacked Brett Favre eight times and bagged a 24-22 victory, their first over Green Bay since 1995. The victory bolstered the Buccaneers' wild-card playoff chances and sprilled a sellout crowd attending the Jurst Monday night game at Tampa in 15

This town has waited a long time for us to take Green Bay down," Sapp said. "It's even more special that the whole country got to watch it."

The Packers had won six straight in the Battle of the Bays, usually because Favre outplayed Trent Dilfer. But this time Dilfer threw for two touchdowns and ran for another while Favre was harried into six fumbles.

Although the Packers recovered five of the loose balls, the scrambles typified their performance. Injury-riddled Green Bay fell behind, 14-3, early and spent the rest of the night trying to catch up.

'After playing these guys six times, we were beginning to think we were never going to win,' said the Bucs' coach, Tony Dungy. The difference was that we got ahead. In the past they for ahead early and controlled the

With three games left, Tampa Bay (6-7) climbed into a three-way tie with Arizona and New Orleans in the race for the final NFC wild-card spot. The Cardinals and the Saints hold the tiebreaker edge over the Bucs, who play Pittsburgh on Sunday.

'Our backs were against the wall," Dungy said. They're still against the

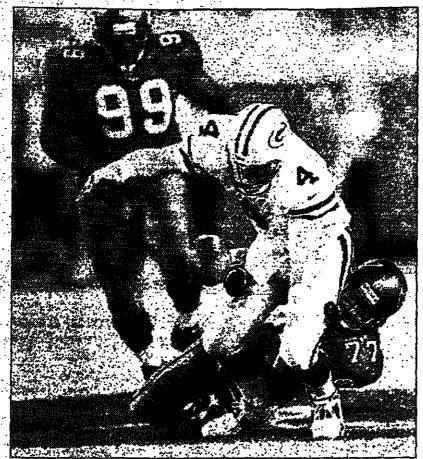
The game was less critical to the Packers (8-5), the two-time defending NFC champion, although they missed a chance to clinch a wild-card berth.

'Oh, we're definitely going to make the playoffs," the Packer running back Dorsey Levens said. "We're going to win the next three games.

They'll have to do it shorthanded. Plagued by injuries all year, the Packers lost their center, Frank Winters, to a broken leg, while the receiver Robert Brooks reinjured his hamstring. "The injuries are unbelievable,"

Favre said. "We're losing girys right and left. We did a great job with who we

Green Bay outgained the Bucs rushing and passing, but spent too much time going backward.



The Packers' Brett Favre, No. 4, fumbling as he was tackled by the Buccaneers' Brad Culpepper. Warren Sapp, No. 99, backed up the play.

to lure the New England Patriots to

The poll by Quinnipiac College,

which is not a state institution, found

Rowland's \$375 million proposal was

supported by 51 percent of respondents,

said they strongly favored the plan, and

23 percent were somewhat in favor of

people thought the proposal gave too much to the Patriots' owner, Robert

Twenty-eight percent of those polled

But pollsters also found that many

Forty-nine percent of those polled

People believe the stadium will ben-

said the deal was too generous, while 31 percent disagreed and 20 percent were

efit Hartford's image and economy,"

said the poll director. Douglas Schwarz,

on Tuesday. "The bad news is that the

public thinks the deal is too generous to

the Patriots and most residents doubt the

Governor Rowland has suggested us-

ing taxes on tickets and team salaries to

cover most of the cost of the stadium.

The phone poll found that 55 percent of

those surveyed were not very confident or not confident at all that the gov-

ernor's proposal would cover the

stadium will pay for itself."

ile 39 percent were opposed.

Hartford, The Associated Press report-

Although Favre was 29 for 41 for 228 ■ Support for Hartford Stadium yards, he often fumbled before he could Just over half of the Connecticut resthrow. "It got kind of crowded in there idents surveyed favor a plan by Governor John Rowland to build a stadium

with arms swinging and swiping at the football," said the Packers' coach, Mike Holmgren. Brad Culpepper and Regan Upshaw had two sacks apiece, Jeff Gooch and

Ronde Barber each forced two fumbles. "We had to mount a pass rush that was unbelievable," Sapp said. "We got to Favre early, and he was uneasy in the

Favre's record against the Bucs is

now 13-2. Dilfer, meanwhile, beat the Packers for just the second time in nine He had plenty of help. Jacquez Green

and Bert Emanuel turned short passes into long touchdowns for an early lead. The patterns were similar: quick slants on third-and-short with the recerver breaking into the clear. Green's

score covered 64 yards, Emanuel's 62

"They get 14 points on two big plays," Holmgren said. "That's the

way we've beaten them before." The Packers closed within two points with 2:20 left, but Sapp and Culpepper sacked Favre at the Green Bay 38 on the final play, and the frenzied crowd of 65,497 gave one last cheer.

There was a lot of excitement in the city all week, and our guys sensed that."

Dungy said.
We needed it to prove we could play with playoff teams and show what we can do when we're hitting on all cylinders."

# Bad Call Brings an NFL Replay Vote

احكذامن الأحن

By Richard Sandomir New York Times Service

NEW YORK - The National Football League said it would ask team owners to vote on using instant replays in the postseason playoffs and the Super Bowl, a move that came barely 24 hours after an official ruled incorrectly that the New York Jets' Vinny Testaverde had scored the game-winning touchdown against the Seattle Seahawks with 20 seconds to go.

The system would permit a coach to challenge officials' decisions twice per game and would probably also allow referees to review a disputed play in the last two minutes of a game if a coach had

already used up his quota of challenges. Such a system would have enabled Seattle's coach, Dennis Erickson, to challenge the ruling by Earnie Frantz. the head linesman at the Seahawks-Jets game Sunday, that Testaverde had scored on a quarterback sneak. The television replay definitively showed that the ball did not cross the goal line.

"Everyone's greatest fear is what happened yesterday happening in the Super Bowl," Greg Aiello, a league spokesman, said Monday. He added, We acknowledge today again that Testaverde hadn't scored.

Changes in the rules governing games are generally adopted between seasons, so the league's decision to call for an adjustment during the season reflected the seriousness of the situation and the league's acknowledgment that the credibility of its competition was being compromised.

Similar proposals to bring back the instant replay have failed with owners before the past two seasons, falling short of the required 23 votes. Now, with a 31st team, the Cleveland Browns, in the league, the proposal will need 24 votes

The league has not set a date for the vote but intends to spend the next few

it has before, seems certain to generate intense debate over the imposition of technology on human judgment and the added burden on coaches to manage replay challenges as they do time-outs - and in this case, to do it for the first time under the pressures of postseason

championship play. Atello said the league had canvassed the nine teams that voted against the instant replay in March and said several of those had expressed "a desire to vote for it for the postseason, as an insurance

Commissioner Paul Tagliabue and his senior staff met for several hours to discuss the proposal, amid intense pressure from aggrieved teams, the news media and fans to bring back some form of instant replay. It was in effect from

One vote that Tagliabue can count on will come from Ralph Wilson, the Buffalo Bills' owner who voted against the use of instant replay in March, "Anything is better than we have now." Wilson said. "Jeez, I'll vote for somebody spotting the calls going over the field from a blimp."

Wilson raged at the league last week for "awful" officiating in the Bills' loss to New England on Nov. 29.

The other teams that voted against instant replay in March were Arizona. Chicago, Cincinnati, Kansas City, the New York Gients, Oakland, San Diego and Tampa Bay.

The lets voted for replay in March, a reversal of a previous position. How the Jets will vote on the new proposal remains to be seen. Coach Bill Parcells said Monday: "I don't want the old system back. I don't want coaches' challenges. I only want the calls right."

Bob Moore, a spokesman for Kansas City, said that the Chiefs coach, Marty Schottenheimer, opposed the challenge system "because it puts coaches in the official business.

man, said Mike Brown, the team owner. felt too much time was spent on replay in its earlier incarnation without much of a result -- "and sometimes it wasn't

even right." Carmen Policy, the Browns' president and a longtime advocate of instant replay when he was the 49ets' president. said he would vote for the plan. But he added, "What concerns me is, it might not be staged as positively as if it had more time. I hope this doesn't hurt it going into effect next season.

He said the past two weeks of criticism of league officiating, which began with a botched coin toss at the Pittsburgh-Detroit game on Nov. 26, had turned the tide of league thinking toward trying to bring instant replay back.

Even if we didn't have instant replay for the playoffs. I think the chances of voting it in in March were good. Policy said.

But if it goes well in the playoffs. it's a slam dunk for March," he added. The league experimented with the challenge system in 10 games each in the 1996 and 1998 preseasons.

In that system, coaches received two challenges. If they used a challenge during the last two minutes of each half, they were penalized with a time-out if their claim was proved wrong.

The system was a compromise between the 1997 plan that failed to get enough votes, in which each challenge cost a time-out, and the 1998 plan, which also fell short of approval, in which a time-out was lost if the challenge proved wrong.

As in the past, the new proposal is expected to limit challenges to plays involving ball possession: in-bounds calls; whether a touchdown is a touchdown; whether a ball has been fumbled. and whether a ball was actually caught.

If the league returns to instant replay, it would join the National Hockey League as the only major U.S. sport to have it.

## For Sale: McGwire's 70th Home Run Ball

By Charlie Nobles New York Times Service

FORT LAUDERDALE, Florida -Mark McGwire's historic 70th home run ball will be put up for bidding early next month by Guernsey's, an auction house in New York.

The ball was hit into the stands in St. Louis by McGwire on Sept. 27, the final day of a regular season in which McGwire, with 70, and Sammy Sosa of the Chicago Cubs, with 66, both broke Roger Maris's record of 61 homers, set accept other offers.

Guernsey's will also auction the available balls for home runs 61 through 69 hit by McGwire and Sosa. ball. McGwire's 70th home-run ball was

retrieved by Philip Ozersky, 26, a scientist at the medical school at Washington University of St. Louis

"They know how to pull off an auction of this size." Michael Freedland, the Fort Lauderdale attorney who represents Ozersky, said Monday of Guernsey's.

"And they're going to do an on-line auction simultaneously," he added. After more than two months of sifting through offers, Mr. Ozersky de-

cided to opt for the auction rather than Three memorabilia collectors, represented by a St. Louis attorney. Alan

Cohen, have offered \$1 million for the If the ball does not attract a min- most important ones.

imum price at auction - which Freedland declined to divulge — Ozersky can retain rights to it. But it appears as if \$1 million is the threshold for a winning bid. Freedland estimates Ozersky has re-

ceived more than 500 inquiries about the ball. The ball has been sitting in the St.

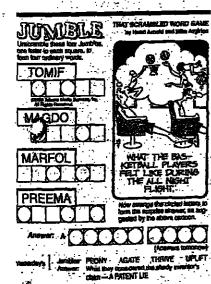
Louis Cardinals' Hall of Fame for about two months, and was marked with synthetic DNA to make it certifiably identifiable.

Sosa was scheduled to be at a news conference at Trump Tower in Manhattan on Tuesday to announce the availability of the home run balls and to confirm his intention to autograph his

#### DENNIS THE MENACE



"Can we play *Hide W'seek* over here? Joey knows all the highing places at My house."



LE PETIT FUTÉ

#### PEANUTS

GARFIELD



MERRY CHRISTMAS, YOU CAPPLICCING-SIPPIN', BISCOTTI-MUNCHIN'...



undecided.







, Let Him











#### CALVIN AND HOBBES



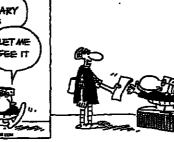






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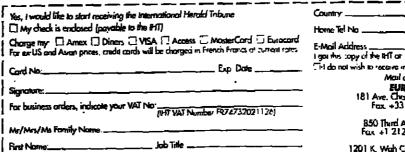




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## Thoughts on Dentistry

By Russell Baker

NEW YORK—If God had truly made man in His own image, as widely alleged. there would be no dentists. No designer in his right mind, much less a perfect and omnipotent God, would have senied for teeth at the top of the human eating mechanism.

Had some draftsman shown Him blueprints featuring a tooth-equipped jaw. God would surely have said, 'Pshaw! I can do better than that," and that would have been the end of teeth.

Instead, I spent two hours the other day with a mouth full of cotton, metal, slowly hardening plastics, rubber gloves and a variety of other people's fingers. After the usual moment of self-pity, I tried lifting a sinking spirit the good old-fashioned way; to wit, by looking on the bright side.

Suppose man had no teeth. Would politics be possible without teeth flashing to vertise constantly — or at all mask faces terrifying with insincerity? What would have Golden Age of Money? It was become of the Kennedys, of as depressing as a Novocaine Ronald Reagan, Jimmy needle to sit there awash in all Carter. Nelson Rockefeller. this appalling evidence that Teddy Roosevelt?

Think of George Washington with his famous false teeth and painfully clamped lips. Father of our country he may have been, but he lacked teeth that dazzle.

A world without teeth? It would mean lovers on tube the Dow was steadying. and screen preparing to kiss Actors posing as bankers and screen preparing to kiss go at each other with widely ensue once you were chin parted jaws and dripping deep in money. Was it for this teeth, like those lions on PBS that Americans died at the that are always chewing on poor, helpless wildebeests.

With no toothpicks pouring off the factory line, how could we tell when the cake is done?

Yes, it is thin stuff, and two hours is long. The dental chamber, however, offered an-

other distraction; television. The set, mounted at ceiling height with its greedy salesman's eye staring down, was tuned to one of those perpetual news channels.

Two Congressmen spoke of their respect for the Constitution. Snow was falling on Western mountains. Children had murdered their parents. Parents had murdered their children. President Bill Clinton had let photographers show him exuding the look of leadership. Extravagantly paid athletes said they were being "disrespected."

Forced to watch this for two hours, I was astonished by the intense concentration on money. Commercial after commercial urged viewers to turn over money to this bank.

that brokerage house. Did banks and brokers adthis appalling evidence that so many lives are now con-

secrated to the money game. Money, money, money, money was apparently the perpetual news. There were minute-by-minute bulletins from Wall Street. The Dow was up, the Dow was down,

with no sparkling incisors and and brokers were pleading for canines to bare to the camera. money and promising happi-Today's entertainment lovers ness, which apparently would Alamo? And won the battle of Midway? And heroically suf-fer the consequences of faulty

iaw design?

# A Sri Lankan Forges Form From His Past

By Mishi Saran

FONG KONG - The Sri Lankan Romesh Gunesekera not have many concrete opinions. is one of the many new voices that have emerged from what used to be British colonies.

Like many others from the Indian subcontinent, from the Caribbean, from Africa, he incorporates flavors of his country into the English language, forging his own ca-dences and weaving stories that cross continents and cultures.

For many such writers, English is a first language that comfortably co-exists with local tongues — they often borrow from each other.

Gunesekera, who moved to Britain as a youth, found himself in the spotlight when his first novel, "Reef," was nominated for the Booker Prize in 1994. His lyrical prose and intensely poetic descriptions of Sri Lanka appeared to delight readers.

This year, Gunesekera published a second novel, "The Sandglass," this time about the history of Sri Lankan clans told through the eyes of Chip, a family friend who becomes close to one clan's matri-arch, Pearl, and her children, Prins, Anoja and Ravi. The book begins with Pearl's death and traces Chip's attempt to understand her past.

"I write because that's the way I think, it's the way I live in a sense," Gunesekera said during an interview in Hong Kong. It is, he said, his way of creating a balance in the

His new story moves lazily between the years, shuttles back and forth between East and West and lingers over inconclusive conversations. The earlier poetry of "Reef" is scattered in careful, bite-size pieces instead of liberally splashed, the characters were flatter, but perhaps more sophisticated.
It is vintage Gunesekera, a care-

straddling cultures and years and woven around things irretrievably

ful picking apart of the past, a story

Gunesekera sits in a sunny, abandoned classroom. If his answers spill into philosophical abstractions. he says, it is because he really does

What about that convoluted issue of identity? What space do you write from if you are a man in your early 40s, born in Sri Lanka, raised partly in Southeast Asia, who has lived a good many years in the United Kingdom?

Gunesekera is uneasy with labels, with pat definitions and easy explanations. He studied philosophy, to see if it explained the intricacies of how people think—it did not help, he says, wry. His bursts of laughter are more ironic than a sign of amusement.

'Identities are made out of history, mythology, invention and fiction quite a lot, they change, they're never set," he says. He likes mixtures, he says, the way things refuse to stay in one place. In other words, hard to pin down into neat slots, rather like himself.

He does speak Singhalese, but has not lived in Sri Lanka for many years. Still, his writing is imbued with what can only be called Sri Lankan-ness in its settings, its characters and their concerns. Perhaps in the end, as Gunesekera would have us believe, there is no such thing as a concrete identity, just a of those early days with such set of individual or collective candor that I felt I was there with set of individual or collective

That, at any rate, is what some of his characters believe. In "Reef," the master of the house tells the young cook Triton: "We are only what we remember, nothing more. All we have is the memory of what we have done or not done; whom we might have touched, even for a

"The Sandglass," too, is about remembering — whether one re-members simply what is conveni-

"Mortality. Things pass away, they disappear, die, all of that. Probably most novels are written for that reason," he says.

His works certainly display a de-In Hong Kong to teach a course, sire to reach out and grab history as



Romesh Gunesekera: Identities change; they're never set.

and his creations, stories become a particular thing works.

way of grappling with what happened and how they finished backward, but Gunesek

happening.
"Pearl would recount the story her, an invisible eavesdropper in the twilight of a camphoric age, Books.

Gunesekera writes with care and about it." a meticulous attention to detail. "Writing involves re-creating something, it involves communication, it has to involve some structure, you make something." he

"If I'm writing a novel, I'm creating an object to some extent, which means you have to write it and work on it, work on the writing ways," he says, "just as childhood actually is." It can be anxious, it can be terrifying, it can be very, he pauses, brutal, in some sense. "I to try and make it as complete as can explore it in books, more than possible and as finished as pos-sible. And that requires a lot of And for any writer, no work Kong.

it happens and somehow store it for rewriting and reworking and un-the future. And so for both author derstanding somehow the way that

Some readers say his novels look backward, but Gunesekera says they look in the only direction anyone can look, because that is all you

And so, he cannot disentangle the past in Sri Lanka, as it was, as a particular period of time. "I sup-Gunesekera writes early on in pose my childhood was comfort. The Sandglass," which, like "Reef." was published by Granta he says. "But I can have a sob story about it or I can have a happy story

> So it is with views of his book 'Reef." Some see it as idyllic, looking back at some sort of paradise, while others see it as actually very traumatic. "The childhood described there can be seen both

comes before its time, he says. Gunesekera spent a good many years composing letters to editors. scanning rejections, unable to even admit conscionsly to himself that

he wanted to be a writer.
Still, he had feedback from a loose group of elders, and he persisted. A writer could spend decades writing poems, even good poems, before figuring out that he was in fact meant to have been a novelist, Gunesekera said. Yes, he wrote a good number of poems.

He confesses he often finds it difficult to finish books others have written — there is after all, no such thing as a good book. What people like to read changes with the years, he says. What one person finds appealing, another will spurn, In the end, the writer must judge his own work — barshly.

But as a writing teacher, he withholds the scathing criticism he applies to his own writing. He is en couraging and listens attentively to students read out their efforts.

It is interesting, he says, to read others' writing at a raw, unfinished stage. But teaching is exhausting to the imagination and writers finally must pour their energies into their own work. So he jealously guards his time and tries to limit his con-tact with people. It's much easier to do an interview than actually sit down and write." He smiles.

Gunesekera lives with his wife and two daughters in London. (Like "Reef," which was given a title a few nerve-wracking moments before the book went to press, his daughters were named shortly before they were born).

He is content with the novel's form; he finds he can lace it with enough poetry for his satisfaction. And he still writes because he has

"There is not much choice about it. And one day I won't be able to write. Either the world will be in balance for me, or . . . . He does not finish the thought.

Mishi Saran is a writer in Hong

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#### **PEOPLE**

I files Tuesday, releasing more than 1.200 pages of documents touching on the Chairman of the Board's mob ties, unproved allegations of ties to the Communist Party and a mug shot from his 1938 arrest on "seduction" charges. The documents offered a hodgepodge of facts, allegations and rumors about Sinatra. According to the FBI, Sinatra had seen the material after filing a request in 1979 and 1980. The papers also indicate that the FBI received information on Sinatra from the columnist Walter Winchell. A 1944 Winchell item about alleged threats to kidnap Sinatra's baby was duly noted. And Winchell tipped the FBI that same year that Sinatra had paid \$40,000 for a 4-F draft classification during World War II. An investigation found Winchell's charge was baseless. The files were released in response to requests by news organizations under the Freedom of Information Act.

The jazz trumpeter Arturo Sandoval has become a U.S. citizen, eight years

THE FBI opened its Frank Sinatra after defecting from Cuba while on tour with Dizzy Gillespie. "I never wished to have to escape from my own land," said Sandoval, who was granted political asylum in 1990. "It does not make me feel happy to give up my own cit-

> The model Cindy Crawford and her husband, Rande Gerber, escaped se-

Jeep to avoid horses galloping on the Pacific Coast Highway in California and crashed into a cement mailbox.
Paramedics flushed Crawford's eyes with water as a precaution against any possible glass fragments, but neither of them was hospitalized.

The John F. Kennedy Library and

## Changes Ordered at the Warhol Foundation

TEW YORK — After a long investigation of the Andy Warhol Foundation for the Visual Arts in response to allegations of waste and mismanagement, the New York State aftorney general has found that the foundation

will have to comply with strict new financial controls. The foundation must form an audit committee, hire a new chief financial officer and introduce tighter accounting and bookkeeping procedures. It must also open its books to the attorney general's office for review four times a year, rather than annually. Man Sansverie, chief of the attorney general's charities bureau, said he had found no legal wrongdoing by the foundation, which was created after the artist's death in 1987 to promote the visual arts. He declined to specify what led his office to impose the financial monitoring.

rious injury after Gerber swerved his Museum in Boston has presented its Profile in Courage Awards to the architects of the peace accord in Northern Ireland. Caroline Kennedy, daughter of the late president, credited the honorees with committing themselves to reducing divisions between Unionists and Nationalists, and to building bridges between these proud communities for the future."

> Robert Downey Jr. won praise from a municipal judge for making progress in drug rehabilitation but still has to complete his 100 hours of community service. "You're doing a lot better than you did in the past." Judge Lawrence Mira said at a hearing in Malibu, California. "Keep up the good work." Mira gave Downey six months to complete his community service. The actor was stopped for speeding in 1996 and the police found cocaine, heroin and a pistol in his vehicle. His probation was revoked and he was sentenced to six months in jail, but he was released in March after 113 days.



CAPTIVE AUDIENCE - Queen Elizabeth the Queen Mother during a ceremony on Tuesday at a theater in London to unveil a statue of Sir Noel Coward, British actor and playwright, who died in 1973.



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